REPORT ON THE WORKING OF CO-OPERATIVE SOCIETIES IN THE MADRAS PROVINCE

FOR THE CO-OPERATIVE YEAR
ENDED 30TH JUNE
1941

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OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
MADRAS,
Dated the 11th November 1941.

From

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Madras,

To

THE SECRETARY TO GOVERNMENT,
DEVELOPMENT DEPARTMENT,
Fort St. George, Madras.

SIR,

I have the honour to submit the Report on the working of Co-operative Societies in the Madras Province for the co-operative year ended the 30th June 1941.

I have the honour to be,
Sir,
Your most obedient servant,

S. A. VENKATARAMAN,
Registrar of Co-operative Societies.

[Number of pages fixed as the maximum limit—64]

TABLE OF CONTENTS

	PARAGRAPH	PAGE
PART I.—REVIEW OF POLICY—		
Introductory	1	1
Finance	2	2
Administration	3	4
Liquidation	4	5
Supervision and management	5	6
Special features of expansion	6	7
Overhaul and improvement	7	9
Rules introduced or amended	8	10
Education	9	11
Prospects	10	12
Conclusion	11	13
PART II.—REVIEW OF EVENTS—		
SECTION I.—SIGNS AND DEGREE OF GROWTH—		
(a) Quantity	12	14
(b) Quality	12	19
SECTION II.—INFLUENCE OF EXTERNAL FACTORS—		
(a) The war	13	23
(b) Legislation	13	24
SECTION III.—INTERNAL DEVELOPMENT—		
Education and propaganda	14	24
Organization	15	26
Experiment	16	27
SECTION IV.—DETAILS OF THE WORK OF SOME OF THE MORE IMPORTANT SOCIETIES—		
Rural Credit Structure—		
(i) The Madras Provincial Co-operative Bank	17	31
(ii) Central Banks	17	32
(iii) Agricultural credit societies	17	36
Land Mortgage System—		
(i) The Madras Co-operative Central Land Mortgage Bank	18	38
(ii) Primary land mortgage banks	18	40
Urban credit—Non-agricultural credit societies	19	41
Co-operative marketing and loans on produce	20	43
Primary and wholesale stores—Students' Stationery Stores	21	44
Societies for handloom weavers	22	45
Co-operative dairying—Co-operative milk supply societies and their progress	23	47
Insurance societies	24	48
Land grant policy of Government and colonization societies	25	48
Special types of societies	26	49
(i) Societies for the scheduled castes	26	49
(ii) Sugarcane growers' societies	26	50
(iii) Fruit growers' societies	26	51
(iv) Consolidation of holdings societies	26	51
(v) Cattle-breeding societies	26	51
(vi) Societies for cottage industries	26	52
(vii) Other non-credit societies	26	53
SECTION V.—OVERHAUL AND IMPROVEMENT—		
(i) Rectification work	27	54
(ii) Classification of societies	27	56
SECTION VI.—SUPERVISION	28	57
SECTION VII.—GENERAL	29	57
SECTION VIII.—THE ACTS AND THE RULES	30	58
PART III.—ADMINISTRATION—		
Organization of the department	31	58
Services rendered by the department	32	60
(a) Audit	32	60
(b) Arbitration, civil suits and execution	32	61
(c) Liquidation	32	61
(d) Criminal prosecutions	32	62
(e) Supersession	32	62
(f) Officers in foreign service	32	62

	PARAGRAPH	PAGE
PART III.—ADMINISTRATION—*cont.*		
Training of departmental officers	*33*	*62*
Grants-in-aid to societies	*34*	*63*
Cost of working	*35*	*64*
General	*36*	*64*

MAPS AND GRAPHS.

(i) Map showing the percentage of villages served by agricultural credit societies in each district and the headquarters of Central Banks.

(ii) Map showing the stores societies and the students' stationery societies and their transactions in each district.

(iii) Map showing the sale societies and the volume of their transactions in each district.

(iv) Map showing special types of societies, such as milk supply societies, sugar-cane growers' societies, cattle-breeding societies, consolidation of holdings societies, etc.

(v) Map showing the percentage of collections to demand (principal) in agricultural credit societies other than land mortgage banks.

(vi) Graph showing the progress of agricultural societies from 1930–31 to 1940–41.

(vii) Graph showing the progress of non-agricultural societies from 1930–31 to 1940–41.

APPENDICES.

		PAGE
APPENDIX No.	1.—General summary of progress—	
	Section I.—Working capital of societies on 30th June 1941	66
	Section II.—Demand, collection and balance of principal and interest due to societies in 1940–41 ..	66
	Section III.—Demand, collection and balance of principal and interest due to societies in 1939–40 ..	68
Do.	2.—Synopsis of loans in agricultural and non-agricultural societies (other than Central Banks and land mortgage banks)	70
Do.	3.—Section I (*a*).—Demand, balance and percentage of loans due by land mortgage banks to the Madras Co-operative Central Land Mortgage Bank and others	72
	Section I (*b*).—Demand, balance and percentage of loans due by agricultural credit (excluding land mortgage banks) and non-agricultural credit societies to Central Banks and others	72
	Section II.—Percentage of overdues by primary societies to individual Central Banks towards principal, arrear interest and current interest ..	74
Do.	4.—Section I (*a*).—Demand, balance and percentage of loans due by members to land mortgage banks ..	76
	Section I (*b*).—Demand, balance and percentage of loans due by members to agricultural credit (excluding land mortgage banks) and non-agricultural credit societies	78
	Section II.—Classification of societies	82

IMPERIAL STATEMENTS.

STATEMENT	A.—Operations of the Provincial and Central Banks ..	83
Do.	B.—Operations of agricultural societies	87
Do.	C.—Operations of non-agricultural societies	91
Do.	D.—Operations of unions, district federations, etc.	95
STATEMENTS	E AND F.—Operations of insurance and re-insurance societies.	96

REPORT ON THE WORKING OF CO-OPERATIVE SOCIETIES IN THE MADRAS PROVINCE FOR THE CO-OPERATIVE YEAR ENDED 30TH JUNE 1941.

PART I.

Review of Policy.

Introductory.—The year 1940–41 may be characterized as a year of general expansion in many directions, of consolidation of the progress already made in certain special lines, and of a greater manifestation of the realistic sense of co-operators. The number of conferences was somewhat less than usual, the only important ones being the Conference of the Central and Primary Land Mortgage Banks, and the Andhra Provincial Co-operative Conference in April 1941. The former approved of certain changes in the policy governing land mortgage institutions, intended to bring about greater financial stability and strength. The latter was in some respects historic, as, for the first time in many years, co-operators collected from all parts of the Andhra districts and made their influence felt in no uncertain fashion, and placed on record their satisfaction at the steps being taken by the department and Government for the strengthening and purification of the movement.

I mentioned last year that the orders of Government on the report of the Committee on Co-operation would, to some extent, set the course of co-operation in the Province for the future. Government have now passed orders on almost all the recommendations of the Committee. The more revolutionary among the proposals have not been accepted. The fundamental departure from accepted tradition and practice, in altering the basis of the liability in village credit societies, which the Committee recommended, has been rejected; unlimited liability will, as heretofore, continue to govern our primary village societies. The proposal that a voluntary pool of the reserve funds of primary societies in the area of each central bank, to be administered by a committee with the Registrar as trustee, should be created for the benefit of societies which come to grief owing to bad management or other causes, has also been rejected on the ground that the acceptance of it would seriously impair the soundness of village primary societies and put a premium on mismanagement. The suggestions that small village societies should be reorganized on a wider basis by grouping a number of them together into one society, that the functions of agricultural credit societies should be enlarged so as to include all the economic requirements of members by the formation of so-called

"multiple purpose" societies; and that village co-operative societies should, as a general rule, be permitted to lend to members on the pledge of gold and jewels, have also not been accepted. As regards central banks, the Committee's recommendations that the banks should be empowered to take coercive steps against defaulters of primary societies in case the latter failed to take suitable action; that they could undertake commercial transactions and banking business of all kinds; that the secretaries of central banks should be appointed liquidators of indebted societies; that it should be open to central banks to relax the individual maximum credit limit of members of affiliated societies; that the central banks should be formed into "pure type banking unions" composed of affiliated societies, individual shareholders being completely eliminated; that they should, on the other hand, be permitted to co-opt individuals to the board of management,—all these recommendations have been rejected wholly or in part. So also has the other recommendation, which sought to make the question of the future of local supervising unions a matter entirely for the discretion of the central banks. The proposal to form two apex banks, one for the Andhra districts and the other for the Tamil districts, has also been rejected. The recommendation that there should be separate co-operative societies for the scheduled classes has not also found favour with Government who have held that separate societies for scheduled classes should ordinarily be eschewed unless they are necessary for carrying on any particular activity, such as house-building, colonization, etc., or when local circumstances warranted their formation. The proposal that the Provincial Co-operative Union should cease to exist in its present form, and that four linguistic unions should be created instead, the Provincial Union being a mere federation of these four unions, has not been accepted. As regards administration, the Committee's proposal that the audit staff of the department should be separately constituted into a distinct branch has not been accepted; nor have the suggestions that the special staff of Deputy Registrars for land mortgage banks should be discontinued, and that Co-operative Sub-Registrars for land mortgage banks should be empowered to recommend loan applications up to Rs. 5,000. The proposal to curtail the Registrar's powers of supersession by making the concurrence of the financing banks obligatory has not been approved. This summary of the more important recommendations will indicate that, so far as the general structure of the movement and the methods of administration are concerned, no radical departure from the existing practice is contemplated for the present.

2. *Finance.*—Co-operative financing institutions continued to have a satisfactory year, the general position of village societies, central banks, urban banks and land mortgage institutions being sound. The level of deposits remained high, as in previous years; and the occasional scare consequent on the war failed to have

any appreciable effect on the co-operative credit structure. The steady decrease in "overdues" has on the whole been maintained. In general, co-operative institutions have been willing to take a more realistic view of their duties and responsibilities and have not been slow to listen to advice which tended to strengthen their financial position and stability. As an example, I may mention the oft-debated question of an adequate margin of interest between borrowing and lending rates. As pointed out by me last year, there has been in recent years a tendency to look only at what was supposed to be the interests of the ultimate borrower, without adequate attention to the safety and stability of the financing institutions. While no one would deny that the ryot should be given credit as cheaply as circumstances would permit, it must not be forgotten that co-operative societies are also business institutions and that mere lip-sympathy for the villager without any regard for the principles of ordinary business prudence would only result, in the long run, in undermining the source of the very credit which it is sought to dispense in such generous measure. There has been a consensus of opinion both in the department and outside that, for the ordinary credit structure, a margin of about two per cent was absolutely necessary if the financing institutions are to continue on satisfactory lines. I am glad to say that the persistent advice of the department in this respect has on the whole been welcomed by the movement, and though it is only about a year since I issued my circular on this matter, a very large number of societies of all descriptions have already adopted this margin, with the result that on 30th June 1941 no fewer than 18 central banks, 4,014 agricultural credit societies and 336 non-agricultural credit societies had a margin of two per cent between their borrowing and lending rates. Even this short interval has shown some improvement in the transactions of the primary societies; and I am confident that the next year will show appreciable results. Another direction in which the financial strength of central banks has been increased is by the recent rule under which they have to allocate one-third, instead of one-fourth, of their net profits to the reserve fund until the reserve fund and other reserves equal their share capital.

While on the subject of co-operative finance, I must mention two very important rules which are now under contemplation. The one restricts the period of loans by co-operative societies, other than mortgage banks, to three years and leaves it to the Registrar to settle, in consultation with each central bank, the allocation of these loans into short-term ones and medium-term ones, with reference to local conditions. The other seeks to introduce the salutary principle that depositors should have some representation on the boards of central banks, and to put an end to the practice by which borrowing elements have exclusive control of the spending of large sums of money, mostly raised by deposits from outside. It must be expected that there will be a certain amount of opposition to these radical measures of reform from upholders

of tradition and the *status quo*, but no impartial critic will deny that these reforms are long overdue and that considerations of banking prudence make them really necessary.

The same practical sense has been a feature of land mortgage institutions also. It has been felt for some time that, while the lines on which the Central Land Mortgage Bank and the primaries have conducted their business have been quite sound, the central institution has not built up its reserves as rapidly as one might wish. It is generally agreed that the owned capital of the Central Land Mortgage Bank must come to at least one-tenth of the total debentures in circulation, before matters can be called really satisfactory. At present, the ratio is round about 1 to 15. In order to hasten the desired consummation, the Central Land Mortgage Bank has recently amended its by-laws to the effect that 40 per cent of its net profits, instead of 25 per cent as hitherto, should be carried to the reserve fund. It has also accepted the suggestion of Government that the margin between its borrowing rate and the rate at which the money is made available to the ultimate borrower should be raised to three per cent, of which it will retain two. These steps should result in a steady and fairly rapid increase in the volume of the reserves and hasten the day when the bank can make itself independent of the Government guarantee in respect of its debentures, and go on its own strength to the money market for their flotation.

3. *Administration.*—I said last year that the methods of administration have been tested and refined over a long enough period to require no radical changes. One or two matters, however, require special mention. A real beginning has been made in the direction of effective supervision of societies by extending the system of 'territorial' inspectors to nine districts. The system has the great merit of simplicity, and its adoption is expected to result not only in considerable economy of time and energy, but would also bring the inspectors into closer touch with the members and the working of the society as a whole, instead of only in part, as hitherto. At present, when inspectors are on a functional basis, a number of them visit the same society for different purposes such as the conduct of enquiries, liquidation, execution of decrees, etc. The new system has for its aim the concentration of all these functions in one inspector, who will deal with the society as a complete entity and will act as the "friend, philosopher and guide" of whom we hear so much in co-operative talk. Audit alone will be done by a separate agency. The system has obvious advantages in that the average villager looks to only one official for help and guidance in all matters affecting the society instead of being bewildered by a variety of inquisitorial visits from different individuals. The results in the nine districts where the scheme is in force are quite promising. If, as I hope, it is found possible to make the jurisdiction of the

territorial inspectors and the bank supervisors coincide in each district, a real beginning will have been made in intensive supervision of the village society by the department and by the Central Bank. Defects discovered in audit will not be allowed to remain unrectified, and all matters concerning the welfare of the society will be settled on the spot. Overhaul and improvement, reduction of overdues, etc., can be systematically tackled. I base great hopes on this scheme and I trust that Government can be persuaded to extend it throughout the province in the near future, even though this may lead to some small increase of expenditure on the staff. The co-operation between the territorial inspectors and the bank supervisors in the union area will furnish an example of real collaboration between the official and the unofficial half of the movement at its most vital point, namely, the village society.

Another matter which deserves notice is the fact that there are now no fewer than 24 Deputy Registrars in the department who have had a fairly intensive training in the methods of joint stock banking in Madras and Bombay. This should prove a great asset to the department in the coming years. When one listens to the speeches of some co-operators or reads their articles in co-operative journals, one is left with the impression that they regard co-operative banking as something *sui generis*, and that ordinary banking principles which hold good in commercial and joint stock banks have no place in the co-operative scheme of things. An example may be cited in regard to the controversy which is raging in co-operative circles on what is usually accepted as an axiom of ordinary banking, namely, that the period of the bulk of the loans or investments should roughly correspond with the period of the bulk of the borrowings. I consider that no Deputy Registrar can be expected to give really expert advice on banking matters unless he has acquainted himself with the principles of ordinary commercial banking as actually in operation in leading joint stock banks; and, to that extent, the usefulness in the department has undoubtedly increased.

While on this topic, I must mention the great increase in the volume, variety and responsibility of business, which the department is being asked to undertake in its day-to-day administration. I have found by experience that those districts which do not have a Deputy Registrar all to themselves have suffered in efficiency. It is not possible, as things are, to expect a Deputy Registrar to run more than one district; the very magnitude of the work militates against efficiency. I have recently submitted proposals to Government for the abolition of the system of Assistant Registrars in certain districts and for sanctioning one Deputy Registrar for each district in the province, except the Nilgiris, where I have asked for a special Assistant Registrar.

4. *Liquidation.*—A vigorous drive was kept up in connection with the liquidation of societies which were hopelessly insolvent and could not be revived. A considerable acceleration in the rate

of progress was effected, the affairs of as many as 439 societies being finally closed during last year, as against an average of 209 in the three previous years. The existence of a large number of societies under liquidation, where the proceedings drag on year after year, in certain cases for over ten years, has been a constant source of weakness to the movement. They diverted attention for an indefinite time from more important positive work in the districts, and it has been my policy to drive my liquidation staff to the limit of their endurance in order to see that these proceedings are terminated within a reasonable time. Judging from the progress made in one year of intensive activity in this respect, I am not without hopes that the problem of liquidation will be cut down to reasonable dimensions in the course of the next few years.

5. *Supervision and management.*—I have been exercised this year by the problem of reconciling strong centralized financing institutions, situated in many cases at a considerable distance from primary village societies, with adequate and satisfactory supervision of the latter on the spot. One solution of this problem is, of course, the small-type banking union advocated by the Reserve Bank of India. It seems to be generally agreed, however, that there is no need whatever to make a radical change in our central banking structure. Our banks are, in general, reasonably sound institutions. Many of them are as good as the major scheduled joint stock banks; and they have weathered the lean years of depression in a remarkable manner. They are congenial to the genius of this province, and I should look upon any attempt to break them up into small banking unions, with a good deal of apprehension. It cannot be denied, however, that, except in certain districts, the supervision exercised by our central banks over the village societies has not, in general, been very effective; in most cases, there is hardly any supervision worth the name; in a few instances, what little there is tends to take the form of an attempt at autocratic control and the running of village societies to suit the desires of the party in power in the central bank. The urgent need of the hour seems to me to assist the development and consolidation of healthy *local* co-operative opinion which would guide the societies in its area and act as a counterpoise to the *centralized* co-operative opinion of the financing bank. The problem is not an easy one, as, after the liquidation of district federations some years ago, many of the unions have lapsed into dormancy and have, for all practical purposes, ceased to function. I have been consulting local unofficial opinion on this very important matter in my tours, and have recently discussed it at a conference of my Deputy Registrars. The following seem to me some of the directions in which action might be taken, though I need hardly add that the conclusions are entirely tentative and have not crystallized into sufficient hardness or certainty to be formulated into lines of policy. The representatives of a union on the committee of a central bank should be elected by the general

body of the union from among the members of its governing body. A vigorous drive should be launched to revive and strengthen unions, the services of territorial inspectors being utilized for this purpose. The number of members on the governing bodies of unions should be small. No delegate from a society which is in default to the financing bank should be entitled to sit on the governing body of the union. The average number of societies in the area of a union should be between 30 and 40. A supervisor and a territorial inspector should be sufficient for each union area and they can do intensive work, in collaboration, for the revival of the societies in that area. The supervisors should be appointed by the central banks, but should work under the control of the unions. The powers of suspension and removal of supervisors should vest in central banks, but the unions should have power to inflict all other punishments. The supervisors should ordinarily not be transferred by central banks without the consent of the unions. No supervisor should be in charge of the same area for more than three years. The annual budgets of unions should be sanctioned by central banks; within the budget allotment, however, the unions should have power to incur every expenditure. It is possible to hold divergent views regarding one or other of the above suggestions. But I think opinion is nearly unanimous that some active steps should be taken without delay to rouse local co-operative opinion to a healthy state of activity; and it will be one of the main lines of work to which the department will direct its attention in the coming months. Given vigorous and independent unions, supervising and advising a compact group of societies in their own areas, with the assistance of the local bank supervisors and the territorial inspectors, the day should not be too far off when the proper equilibrium will be reached between the functions of the financing central banks on the one hand and those of the primary village societies on the other. The question of organizing district federations of unions may then be considered.

6. *Special features of expansion.*—The year has been remarkable for substantial progress in certain special directions. The problem of the co-operative organization of weavers' societies and the co-operative marketing of their produce was vigorously tackled. The Provincial Handloom Weavers' Society appointed a Sub-Committee consisting of myself, its president and another member to examine the defects in the working of the primary weavers' societies and to suggest ways and means for their improvement. Among the important recommendations made by the Sub-Committee, which were unanimously accepted by the Provincial Society, were the appointment of paid secretaries or managers in all societies with 25 or more looms, the organization of new societies in select districts, an increase in the share capital of the Provincial Society and the primaries and the financing of the primaries by central banks, the standardization of the varieties of cloth produced in societies into a small number of well-defined types, an increased

sale of handloom goods through merchants and through emporiums, the abolition of the posts of supervising officers of the provincial society and the appointment, instead, of special marketing officers, the improvement of designs by the appointment of special designing officers, and a change in the constitution of the Board of the Provincial Society to permit the inclusion of experts. More and more societies are adopting the directions issued by the Provincial Society to implement these recommendations. A Special Deputy Registrar has also been sanctioned for two years to deal exclusively with the problem of the production and marketing of hand-woven cloth. The outlook is promising, and much more progress is anticipated in the coming year, in spite of the recent violent fluctuations in the price of yarn, which have been a great temporary handicap.

In the sphere of marketing of agricultural produce, the same level has not only been maintained as during the last year, but a slight improvement has been effected, and loan and sale societies have done remarkable business in the advance of loans on the pledge of produce. This, in fact, has been a special feature of this year, and no less than about a crore and a half of rupees has thus been lent by sale societies to their members; and it is becoming increasingly clear that there is a great future for this line of business, which is apparently proving very popular with the ryots. The construction of warehouses and godowns on modern lines—damp-proof, fire-proof and rat-proof—has also gone on apace during the year. Almost all of them conform to exacting modern standards. Government have recently liberalized their rules to enable more village primary societies to take up the construction of village godowns; instead of contributing one-fourth of the cost of godowns as a free grant, the limit has now been raised to half the cost. I am glad to say that many village societies have begun to take advantage of this offer.

An increase in the volume of transactions, however, brings in its train increasing responsibilities and the need for safeguards regarding the proper storage and legal custody of the produce. I have recently examined the whole problem and suggested a set of rules and conditions, which sale societies should adopt if they are to receive loans from central banks for this purpose. I am glad to say that these instructions have been approved by the Madras Provincial Co-operative Bank and commended to all central banks for adoption. Government have also recently permitted me to raise the maximum credit limit of central banks from 10 to 12 times their owned capital, provided I was satisfied with their financial soundness and the extra credit was used exclusively for giving loans on the pledge of produce, subject to the necessary safeguards.

In the sphere of consumers' stores also, substantial progress has been achieved. The number of general stores, wholesale

stores, and school and college students' stores, all greatly increased, as did their turnover. A special feature was the large increase in the number of stores for mill employees; these have gained in popularity and have survived rude shocks like the extensive labour strikes in Coimbatore. Consumers' societies have, on the whole, establihsed themselves in this Province and have been of real help in stabilising prices in war conditions.

Milk supply societies and unions also had a record of steady progress. Not only has their membership increased, but the transactions have also increased by about 60 per cent. I am glad to say that municipalities are beginning more and more to appreciate their usefulness and I look forward to the time, in the not too distant future, when co-operative milk supply unions in municipal areas will have the active assistance of the municipal councils and their health staff. A fully-qualified dairy expert is now attached to the department, who has already proved his usefulness, and whose advice is in constant demand by milk societies.

Among other new co-operative activities were the formation of a number of co-operative canteens, the starting of an agricultural society for the supply of electric motors and pumps for irrigation, butter and ghee supply societies, etc. There has been a real demand for canteens run on co-operative lines in urban areas where a large number of offices are grouped together or where large business houses exist in close proximity.

Special mention must also be made of the formation of a General and Fire Insurance Society with the whole Province as its jurisdiction. The preliminary spade work has been done, and it has just started business. Its potentialities are immense and, properly run, it should form a most valuable factor in the advancement of agricultural marketing.

7. *Overhaul and improvcment.*—The methods employed for overhaul and improvement followed the usual well-known lines. They comprised intensive rectification work in societies including an examination of loans and the obtaining of additional security, wherever the loans were found to be on inadequate security; the recovery of overdues, the reconstitution of panchayats, where necessary, and the revival of societies by the admission of new members, the grant of fresh loans, etc.; the grant of suitable concessions to defaulters, where possible and necessary, with a view to induce them to repay their overdues; the disposal of lands which had come into the possession of societies in the course of execution proceedings; and the initiation and development of schemes like controlled credit, kist loans, forecast loans, etc. Special schemes were, however, in operation in a few districts which called for closer attention. Chingleput had, at the instance of the Central Bank, the help of a special departmental drive, and the results fulfilled expectations. Anantapur and Cuddapah have now what may be called "ginger groups" administering their

banks, which were brought into being by the passing of a transitory by-law by their general bodies. These special committees are now beginning to put into effect carefully drawn-up schemes suitable to their own areas. Kurnool is also contemplating similar action. The Special Committee of the South Arcot Central Bank has been pursuing the policy adopted in the last two years. In all these cases, a real beginning towards improvement has been made. Only in the case of the Srivilliputtur Banking Union have the results been disappointing; and this matter is engaging my special attention. On the whole, it will not be unduly optimistic to say that the need for effective overhaul and improvement of village societies is now being more and more realized by central banks; and this change is particularly visible in the Ceded Districts where the need for such action is most pressing.

8. *Rules introduced or amended.*—The year has been notable for the number of statutory rules framed or amended by Government. Certain long-standing cancers in the body co-operative have been ruthlessly excised and certain measures calculated to increase the stability and soundness of financing institutions and societies adopted. The effect of these new rules and amendments may be briefly summarized. It has now become impossible for a person to become a director of a co-operative society if he is a near relation of any of its paid employees. A defaulter in a society has been prevented from becoming a director not only in that society, but in every other society. A paid employee of a society has been debarred from being a director in another society which finances it or is being financed by it. A director of an urban bank has been prevented from being interested directly or indirectly in any contract made with the bank or in any sale or purchase made by it privately or in auction. Co-operative societies have been prevented from using their premises for political or party purposes. The Registrar has now been empowered to depute an officer of the department to write up the accounts and books of any society which has not done so, and also order the society to pay to Government the charges incurred in that respect. A similar provision has been made for the recovery of costs in cases where societies fail to submit returns, etc., within the time prescribed by the Registrar, and an officer of the department is deputed for the purpose. It has been provided that, in a financing bank, not less than one-third of the net profits shall be carried to the reserve fund until the total of the reserve fund and other reserves of the bank equals the paid-up share capital of its members. The other rules are of minor importance. It will be seen that the cumulative effect of these rules or amendments to the statute have been not only to facilitate the proper and prompt conduct of business in co-operative institutions but to remove the temptation to the nepotism and fraud which have been, to some extent, undermining the foundations of the movement till now. Not all of these rules were confirmed without some sort of protest by one interested section or

other, but I am glad to say that there is a very large body of responsible opinion strongly favouring the introduction of these rules. A few more rules are under contemplation regarding the maximum period for which loans could be given by co-operative institutions, the representation of depositors on the committees of central banks, and the appointment of paid secretaries (without a seat in the Board) in central banks and the bigger urban banks and land mortgage banks. When these have also come into force, the decks would have been cleared for action, and we may look forward to a period of sound, cautious banking in co-operative finance, and the application of business principles throughout the movement.

9. *Education.*—I now come to a subject which seems to me to go to the root of the matter as regards the future of the co-operative movement; and that is, the education of the ordinary member of the average village society. In my last report, I had to mention the sad fact that, despite the efforts of the Provincial Co-operative Union and the central banks, the panchayatdars and members of primary societies were, to a disquieting extent, co-operative illiterates. The usual classes under the auspices of the Provincial Co-operative Union were continued, but a special drive was also launched and kept up at high pressure throughout the year for the education of these members. One Educational Inspector of the Department in each district visited a number of societies in turn, assembled panchayatdars and as many members as possible and taught them how to keep accounts, besides discoursing on the general principles of co-operative methods and practice. There is general agreement that these classes have been more successful than one dared to hope in the beginning. Over 50,000 persons received the training and there has been some real awakening of interest on the part of villagers in the actual running of their societies. It seems to me that, when the Government of India's co-operative education grant is withdrawn, the system of Educational Inspectors should be permanently retained. Without an intelligent and wide-awake membership in village societies, the whole fabric of the co-operative structure will be built on precarious foundations; and no permanent improvement in the real sense can be possible unless members of societies are brought up to the level that one sees in countries like England, Denmark and America. Otherwise, all arguments on co-operative matters based on the practices obtaining in these countries are bound to be fallacious, because the vital factor, namely, the ordinary member of the ordinary village society, will not, in this country, possess the education and the public spirit necessary to eliminate place-hunters who use the co-operative movement as a cloak for their own selfish ends, and to make it a truly democratic one with reasonable prospects of success.

As regards what may be called the higher branches of co-operative education, namely, the training of secretaries and managers of central banks, the bigger urban banks, etc., I am glad

to say that Government have accepted my proposals for the establishment of three permanent institutes, at Rajahmundry, Tanjore and Coimbatore, and a fourth one to run at Anantapur every alternate year. The institutes are autonomous bodies with an independent organization; and they are expected to serve not merely as a training ground for co-operative employees but also to function as live centres of co-operative thought and activity in their respective areas. The creation of a College of Co-operation at Madras is also under the active consideration of Government. Tentative conclusions have been reached, but it is too soon to say anything definite on this matter, except to express the hope that the College may begin to function in the next academic year.

10. *Prospects.*—In my last report I had said that the movement was an aggregate of pieces rather than a whole of coherent parts and that a completely dovetailed structure had not yet been achieved in producers' and consumers' co-operation. I am glad to say that some progress has been made this year in the linking of consumers' stores with producers' societies. Nearly a hundred stores purchased goods worth about a lakh and a half of rupees direct from sale societies, weavers' societies, milk supply societies and other producers' societies; and the products of weavers' societies are to an increasing extent being marketed through stores. The general question of how the interests of consumers' societies can be reconciled with those of producers' organizations has been under my consideration. While one category aims at selling the produce of its members to the best advantage in the best available market, the other desires to purchase the requirements of its members as cheaply as possible in the centres of production. To a certain extent, the interests of the two classes must necessarily be conflicting, but to mention this obvious fact is not to adopt a defeatist attitude to the problem. It should be possible, and it has been possible to a certain extent in actual practice, to so adjust the rival claims that some sort of mutual harmony results. I have recently examined the question in its practical aspects, when the Tanjore Marketing Federation tried to supply paddy and rice to the Madura and Coimbatore Wholesale Stores. I have also discussed it with my Deputy Registrars at a recent conference. Among other methods, it was considered that an effective way to minimise friction and produce agreement was for stores societies to be given a limited representation on the committees of marketing societies and for advisory boards consisting of representatives of both categories to be formed for reconciling the interests of the institutions concerned. Incidentally, experience has shown that the relations between wholesale stores and their primary constituents are themselves not always cordial, and this matter was discussed more than once at Madura, Coimbatore and Tinnevelly. It seems to me that some measure of success can be attained at a real integration of the primary constituents with the wholesale, if the representatives of the former have a deciding voice in the board of management of the latter, and if the other methods described in Part II of the report are also adopted. This matter will be tackled at the earliest opportunity.

11. *Conclusion.*—There is no mystery about co-operation. It is essentially a way of doing business, motivated though it is with a real sense of moral values. It is a pity, however, that this cardinal fact should be so frequently overlaid with vague platitudes. If the movement is stripped of all verbiage, and if people realize that co-operation, like other forms of business, must follow sound methods and principles, much of the harm that is being done now will disappear. If, for instance, every village society, before sanctioning a loan, invariably examines the essential factors, viz., the repaying capacity of the borrower, the productive purposes of the loan, its amount in relation to the actual needs of the case, and its proper application, co-operative agricultural credit will soon take care of itself. We want a common-sense outlook on the whole matter, a recognition of the qualities and limitations of the ordinary man and woman who run the movement, and a realization of the fact that co-operation is merely a means by which individuals seek mutual benefits by collective action. There will then be no need for all the evangelistic "propaganda" which is such a feature to-day, and the energy wasted in it will be diverted to a serious attempt to get down to real work.

A realistic survey of the movement should convince anybody of the limitations of honorary service and of the urgent need for a trained and adequately paid staff, especially in banking, agricultural marketing, and other forms of specialised non-credit work. However willing an honorary worker may be, it often happens that he has neither the training nor the time to discharge his duties efficiently; and business must be conducted as a full-time job by men with the necessary technical equipment. It seems to me that the most important desideratum for the future is, besides an all-round improvement in the literacy and education of the people, a constant stream of trained men, adequately paid, to run co-operative institutions. Some steps have already been taken in this direction, and I hope it may be possible in the near future to ensure that all important co-operative societies will have such a staff.

A question which has long been agitating the movement has been that of the relations between the department and unofficials. The cry is being frequently raised that officials interfere too much with the work of societies and that they should keep their hands off and intervene only in the last resort, when things are well-nigh hopeless. It seems to me, however, that it is much better to prevent evils creeping into societies and to set matters right *in time*, than wait till it is too late and *then* conduct a statutory post-mortem. On the department has been cast the statutory duty of safeguarding the interests of the public and the proper working of societies; and this duty cannot be satisfactorily discharged by waiting in the ante-room till societies think fit to call it in. Unfortunately, however, any action taken by the department to set the affairs of a society right, or to advise its governing body to remove elements which are likely to wreck it, is pointed out in interested quarters as unwarranted intrusion into its domestic

affairs. It is surprising, nevertheless, to see in how many cases the very persons who raise the cry of official interference ask the Registrar to go much farther and nominate the entire board of management of a newly started society and thus deprive the general body of its franchise, on the plea that only such a course would save the society from initial factions and disputes. I am glad to say, however, that there has been a general awakening of the rank and file of the movement to the real facts of the situation, and an increasing recognition on their part of the truism that, unless it is cleared of elements which have developed vested interests, progress is bound to be almost impossible. The department can never regard itself as divorced from a movement with which it is so closely connected. It must pursue in future, with no less vigour than in the past, its duty of enlightening the "average co-operator." It is on him that the burden lies; and nothing has given me greater pleasure than the increasing confidence and faith which he is reposing in the department. When he really comes into his own, co-operation will, in fact, become what it is now only in theory, a peoples' movement run by the people themselves.

PART II.

REVIEW OF EVENTS.

Section I.--Signs and degree of growth.

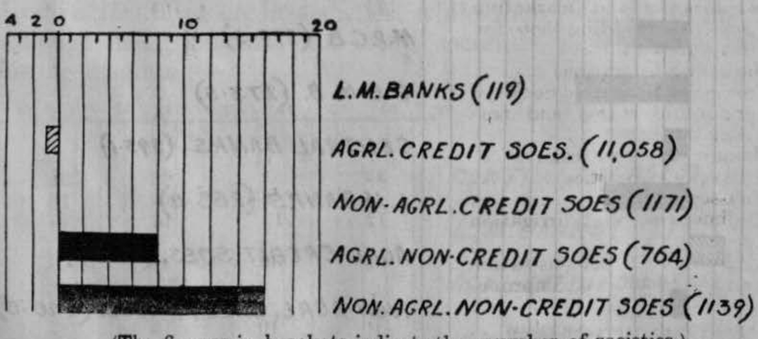
12. (*a*) *Quantity—Societies.*—The following statement shows the number of societies of each type, excluding the provincial banks, central banks and unions, at the end of each year, for the last four years :—

	1937-38.	1938-39.	1939-40.	1940-41.
Agricultural credit societies other than land mortgage banks.	10,520	10,926	11,191	11,058
Land mortgage banks ..	101	112	119	119
Non-agricultural credit societies.	1,070	1,131	1,168	1,171
Sale societies and marketing societies including those for fruit growers, etc.	132	147	167	177
Marketing federations ..	..	..	..	2
Provincial Marketing Society.	1	1	1	1
Agricultural stores and trading unions.	7	9	6	5
Manure supply societies ..	1	2	2	2
Milk-supply societies ..	39	51	88	104
Milk-supply unions	4	6	15	17
Kudimaramat and irrigation societies.	12	13	14	15
Agricultural demonstration and Agricultural improvements societies.	35	39	42	43
Land reclamation societies ..	10	10	9	7
Sugarcane growers' co-operative societies.	15	15	14	14
Cattle breeding societies ..	3	5	7	8
Consolidation of holdings societies.	5	16	22	26
Scheduled castes non-credit societies.	289	291	297	301

	1937–38.	1938–39.	1939–40.	1940–41.
Colonization societies ..	2	3	4	6
Stores	73	85	236	354
Co-operative wholesale stores.	..	..	2	3
College and school students' stores.	89	94	222	254
Provincial stationery stores ..	..	1	1	1
Weavers' societies	132	173	191	194
Madras Handloom Weavers' Provincial Co-operative Society.	1	1	1	1
Cottage industries societies exclusively for women.	9	22	25	21
Other cottage industries societies.	28	46	63	68
Industrial and credit societies.	3	3	3	4
Agricultural and industrial societies.	2	2	2	2
Building societies	127	126	122	117
Labour contract societies ..	18	22	23	27
Printing societies	3	3	3	3
Fishermen's non-credit societies.	28	28	32	34
Better Living societies ..	50	54	51	53
Rural reconstruction societies.	..	..	1	1
Thrift societies exclusively for women.	22	19	18	13
Insurance societies	2	2	2	3
Mahali prevention societies ..	1	2	2	2
Arbitration union	1	1	1	1
Butter supply unions	..	..	..	1
Butter and ghee supply societies.	..	..	3	9
Electric motor and power pump supply societies.	..	..	..	1
Health co-operative society ..	..	..	..	1
Co-operative canteens	..	..	..	7
	*12,835	*13,461	*14,170	*14,251

* Includes societies which had not started work at the end of the year.

The total number of societies in the Province rose from 14,466 to 14,547, an increase of about 1 per cent. The number of central banks and land mortgage banks remained the same. The diagram below shows the percentage of increase or decrease in each class :—

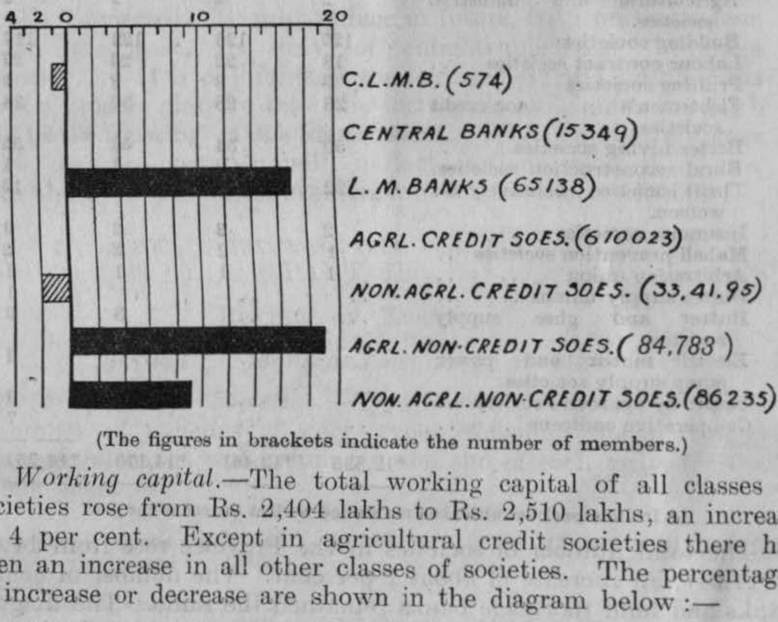


(The figures in brackets indicate the number of societies.)

The number of agricultural credit societies registered during the year did not keep pace with the number of such societies whose registration was cancelled during the year.

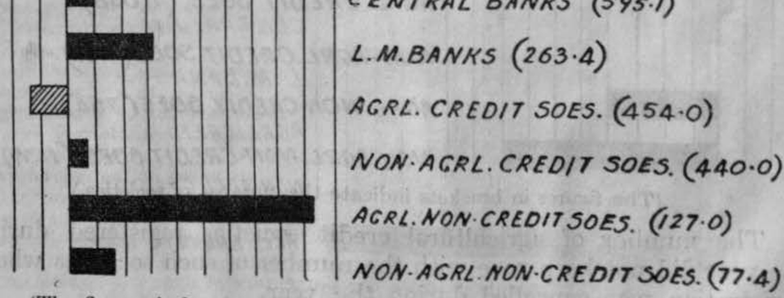
The increase in agricultural non-credit societies was largely due to the registration of new sale societies and milk-supply societies and that in non-agricultural societies for purposes other than credit to the formation of stores societies and school and college stationery societies.

Membership.—The membership in societies rose by about 3 per cent from 1,165,000 on 30th June 1940 to 1,196,543 on 30th June 1941. There was no change in the number of members in the Madras Provincial Co-operative Bank. The percentage of increase or decrease in the remaining classes of societies is shown in the following diagram :—



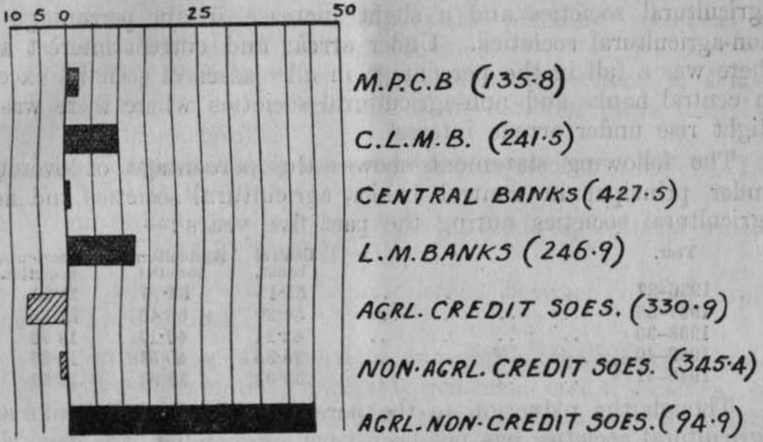
(The figures in brackets indicate the number of members.)

Working capital.—The total working capital of all classes of societies rose from Rs. 2,404 lakhs to Rs. 2,510 lakhs, an increase of 4 per cent. Except in agricultural credit societies there has been an increase in all other classes of societies. The percentages of increase or decrease are shown in the diagram below :—



(The figures in brackets indicate the working capital in lakhs of rupees.)

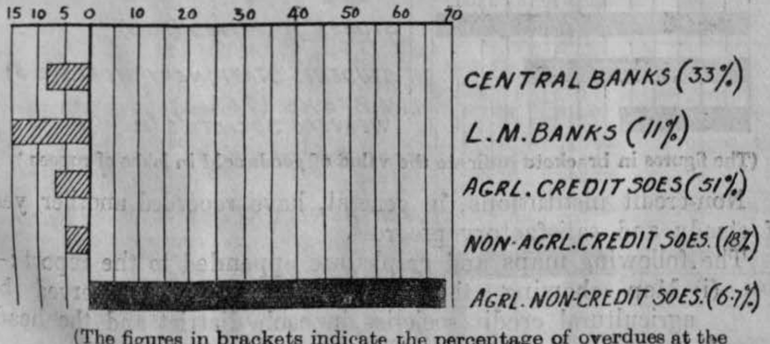
Transactions.—The total amount of loans outstanding against members has increased from Rs. 1,801 lakhs to Rs. 1,855 lakhs, that is, by about 3 per cent. The percentage of increase or decrease in each class of society is shown in the following diagram :—



(The figures in brackets indicate the transactions in lakhs of rupees.)

There has been a slight fall in the transactions of agricultural credit societies and an appreciable increase in the business of agricultural non-credit societies. While the loans outstanding against members in the credit societies have fallen by about 23 lakhs, they have increased by about 29 lakhs in the non-credit societies, particularly sale societies. Evidently, the ryots are to an increasing extent availing themselves of the credit and other facilities afforded by sale societies and are borrowing less from credit societies.

Overdues.—In the year, there was a fall in the percentage of overdues in central banks, land mortgage banks and in agricultural and non-agricultural credit societies, while there was a rise in the percentage in agricultural non-credit societies, as shown in the following diagram :—



(The figures in brackets indicate the percentage of overdues at the end of the year.)

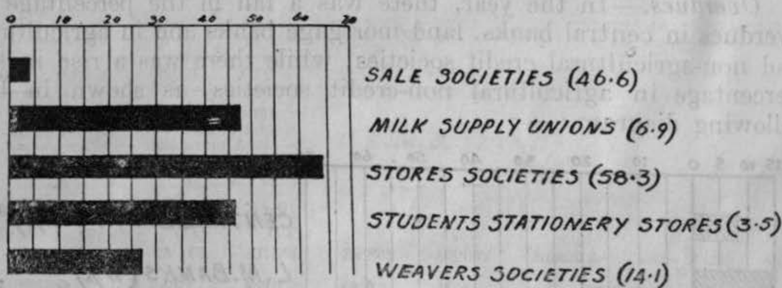
Section II of Appendix I gives details of the demand, collection and balance during 1940–41 under principal, current interest and arrear interest in central banks, agricultural societies and non-agricultural societies. Section III of the same appendix gives details of overdues in 1939–40. Under principal, there was a reduction in the percentage of overdues in central banks and agricultural societies and a slight increase in the percentage in non-agricultural societies. Under arrear and current interest also there was a fall in the percentage in all classes of societies except in central banks and non-agricultural societies where there was a slight rise under arrear interest.

The following statement shows the percentage of overdues under principal in central banks, agricultural societies and non-agricultural societies during the past five years :—

Year.	Central banks.	Agricultural societies.	Non-agricultural societies.
1936–37	51·15	58·76	21·90
1937–38	50·20	55·45	20 86
1938–39	42·21	47·17	19·94
1939–40	35·35	40·58	16·86
1940–41	33·03	38·93	18·62

Though the reduction in the percentage in central banks and agricultural societies has not been very appreciable, it is gratifying that the steady fall in the percentage during the past few years has been maintained during the year. Even in non-agricultural societies, though the percentage has gone up by about 2 per cent, the actual amount of arrears has fallen from 69 lakhs to 67 lakhs, as will be seen from Sections II and III of Appendix I. As usual, the sustained efforts of both un-officials and the officers of the department were in a large measure responsible for the improvement in collections.

Non-credit work.—The following diagram shows the percentage of increase in the value of goods sold during the year by the more important types of non-credit societies :—



(The figures in brackets indicate the value of goods sold in lakhs of rupees.)

Non-credit institutions, in general, have recorded another year of steady and satisfactory progress.

The following maps and graphs are appended to the report :—

(i) Map showing the percentage of villages served by agricultural credit societies in each district and the head-quarters of central banks.

(ii) Map showing the stores societies and students stationery societies and their transactions in each district.

(iii) Map showing the sale societies and the value of their transactions in each district.

(iv) Map showing special types of societies such as milk-supply societies and unions, sugarcane growers' societies, fruit growers' societies, cattle breeding societies and consolidation of holdings societies.

(v) Map showing the percentage of collections to demand (principal) in agricultural credit societies other than land mortgage banks.

(vi) Graph showing the progress of agricultural societies from 1930-31 to 1940-41.

(vii) Graph showing the progress of non-agricultural societies from 1930-31 to 1940-41.

(*b*) *Quality*.—Changes in relation between owned capital and borrowed capital.

As mentioned in the previous paragraph, the working capital of all types of societies, except agricultural credit societies, has increased during the year. The sources from which societies obtained such funds and the percentage of such funds to their working capital are shown in the following statement :—

Resources statement.

	Madras Provincial co-operative bank.		Central land mortgage bank.		Central banks	
	1940-41.	1939-40.	1940-41.	1939-40.	1940-41.	1939-40.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total working capital—Amount in lakhs of rupees.	279·45	264·01	273·50	240·98	595·10	580·30
Share capital, percentage ..	2·48	2·51	3·42	3·59	8·35	8·52
Deposits, percentage	56·69	61·61	89·81	82·21	38·38	40·43
Loans from other societies, percentage.	29·71	24·67	1·43	1·42	42·00	39·71
Loans from Government, percentage.	..	..	3·65	10·81	..	..
Reserve fund, percentage ..	6·79	6·89	1·08	0·90	5·97	5·97
Other funds, percentage ..	4·33	4·32	1·11	1·07	5·30	5·37
	100·00	100·00	100·00	100·00	100·00	100·00

	Land mortgage banks.		Agricultural societies other than land mortgage banks.		Non-agricultural societies.	
	1940-41.	1939-40.	1940-41.	1939-40.	1940-41.	1939-40.
	(8)	(9)	(10)	(11)	(12)	(13)
Total working capital—Amount in lakhs of rupees.	263·39	238·93	581·13	574·62	517·40	504·28
Share capital, percentage ..	6·51	6·43	10·84	10·89	22·09	22·05
Deposits, percentage	0·50	0·95	5·81	6·41	51·34	51·28
Loans from other societies, percentage.	91·90	91·65	63·77	63·29	7·00	7·78
Loans from Government, percentage.	..	..	0·81	0·89	3·65	4·45
Reserve fund, percentage ..	0·94	0·79	14·37	14·27	9·41	9·08
Other funds, percentage ..	0·15	0·18	4·40	4·25	6·51	5·36
	100·00	100·00	100·00	100·00	100·00	100·00

The percentage of owned capital (share capital *plus* reserve fund) of the societies to their working capital has slightly fallen

in the Madras Provincial Co-operative Bank and the district central banks; in the case of other types of societies the percentage has slightly risen. In the Madras Provincial Co-operative Bank and central banks, though the percentage has slightly fallen, there has been no reduction in the total amount of the capital owned by them; on the other hand, there has been an increase. The fall in the percentage was because the owned capital of the banks did not increase in the same ratio as their borrowings; and as stated in my last report such fall is not necessarily a sign of weakness but a result of the increase in their business.

Members' and non-members' deposits.—The statement below shows the relation between deposits of members and non-members in agricultural and non-agricultural societies :—

	Members. Amount in lakhs of rupees.	Percentage.	Non-members. Amount in lakhs of rupees.	Percentage.	Total deposits from individuals. Amount in lakhs of rupees.
		Agricultural societies.			
1937–38	17·38	46	20·47	54	37·85
1938–39	17·87	46	21·28	54	39·15
1939–40	18·37	47	20·71	53	39·08
1940–41	17·39	49	17·67	51	35·06
		Non-agricultural societies.			
1937–38	105·84	45	129·06	55	234·90
1938–39	110·52	45	135·83	55	246·35
1939–40	117·75	46	140·81	54	258·56
1940–41	121·67	46	143·97	54	265·64

In agricultural societies, while there was an increase in the proportion of members' deposits to total deposits from individuals, there was actually a fall in the amount of such deposits.

There was a reduction in the amount of deposits held by non-members also.

As for non-agricultural societies, the steady increase in the amount of deposits held by members as well as non-members during the past few years was maintained. The proportion in which members and non-members held the deposits, however, remained the same as in last year.

In central banks, out of Rs. 154·57 lakhs held in deposit by individuals, Rs. 27·98 lakhs, that is, 18 per cent, were held by the individual members of the banks. On an average, each member held as deposit Rs. 690 against Rs. 692 last year.

Short-term and medium-term loans.—The following figures indicate the proportion of short-term loans to the medium-term

loans issued to societies by the central banks during the last three years :—

	Medium-term loans issued.	Short-term loans issued.	Proportion of the short-term to the medium-term loans.
	RS. (IN LAKHS).	RS. (IN LAKHS).	
1938–39	63·41	137·67	1 : 0·46
1939–40	46·82	155·89	1 : 0·30
1940–41	39·12	188·27	1 : 0·21

It will be observed that there has been a steady fall in the proportion of medium-term loans issued by central banks during the last three years. There has also been a reduction in the medium-term loans outstanding at the end of each year; the proportion fell from 1 : 1·31 on 30th June 1939 to 1 : 1·17 on 30th June 1940 and to 1 : 1·12 on 30th June 1941. This fall in the proportion of the medium-term loans to short-term loans is, no doubt, satisfactory, but it is necessary that the period of the medium-term loan itself should be reduced. A classification of the loans outstanding against members of agricultural and non-agricultural societies on 30th June 1940 and 30th June 1941, according to their period, is given in Appendix No. 2. In agricultural societies, 54·37 per cent of the total loans was for periods less than one year, 3·84 per cent for periods ranging between one and two years, 32·34 per cent for periods between two and five years and 9·45 per cent for periods exceeding five years. In non-agricultural societies the corresponding percentages were 26·30, 19·89, 40·73 and 13·08. The Committee on Co-operation had suggested that Provincial and central banks as well as primary societies should confine their operations to short-term and medium-term loans and that the latter type of loans should normally run for five years, in exceptional cases to seven years, and in no case beyond seven years. The Reserve Bank of India, on the other hand, suggested that co-operative societies should strictly limit their operations to cultivation finance but that their loans might also include small sums required for the maintenance of the ryots' family till harvest and other urgent purposes like the replacement of cattle or implements, provided such loans could be repaid within two or three years. It was of the opinion that co-operative societies should not generally lend for a period longer than nine months and that medium-term loans should be limited to a small proportion of their business. The Conference of Registrars held in 1939 considered these suggestions and resolved that primary societies should give only short-term loans and medium-term loans repayable in a fixed period, ordinarily not exceeding three years, and with due regard to the purpose of the loans. On an examination of the financial position of central banks I found that, in 18 of the 30 banks, their medium-term and long-term investments in loans exceeded their medium-term and long-term resources. I, therefore, suggested that Government might frame a rule restricting the period

of medium-term loans by central banks and societies to three years and empowering the Registrar to fix, by a general or special order in writing, how much of the resources of a financing bank or credit society should be for short-term and for medium-term credits. Government have published the draft rule for criticism.

Purpose of loans.—The following statement shows the purposes for which societies issued loans during the last three years:—

Agricultural societies other than land mortgage banks.

	Loans for productive purposes.		Loans for redemption of prior debts.		Loans for non-productive purposes.		Total.
	Amount.		Amount.		Amount.		
	RS. (IN LAKHS).	PER CENT.	RS. (IN LAKHS).	PER CENT.	RS. (IN LAKHS).	PER CENT.	RS. (IN LAKHS).
1938–39 ..	193·66	77·98	47·22	19·01	7·48	3·01	248·36
1939–40 ..	216·85	83·39	39·83	15·32	3·36	1·29	260·04
1940–41 ..	245·13	86·80	35·23	12·48	2·04	0·72	282·40
Non-Agricultural Societies.							
1938–39 ..	151·62	50·01	99·91	32·95	51·71	17·04	303·24
1939–40 ..	152·13	49·89	103·49	33·95	49·28	16·16	304·90
1940–41 ..	150·76	50·79	97·29	32·78	48·75	16·43	296·80

Much the larger part of the loans issued by agricultural societies was, as usual, for productive purposes. Both the amount and the percentage of such loans to the total loans issued have increased. The steady fall in the loans for non-productive purposes is also satisfactory. I cannot, however, congratulate the persons who are in charge of the management of these societies for having advanced as large a sum as Rs. 35·23 lakhs for the redemption of prior debts. Land mortgage banks specially formed for relieving ryots from the burden of their prior debts have now been in existence for over a decade and I see no point in other societies continuing to issue loans on a large scale for the same purpose. I need hardly state that one of the main reasons for the persistence of overdues is the issue of loans for the discharge of prior debts by credit societies. I hope that as a result of the several schemes now in operation for teaching the panchayatdars and members of societies the principles of co-operation there will be a perceptible improvement in this respect.

In non-agricultural societies, the total amount of loans issued has fallen by about Rs. 8 lakhs. The increase or decrease in the percentage of loans issued during the year under review for different purposes has, however, not varied much when compared with those of the previous year. As stated in my last report, urban credit societies should use a larger proportion of their funds to give loans to artisans, small traders, etc., for developing their business.

Value of loans.—A classification of the loans issued during the year and in 1939–40, according to their value, is given in Appendix No. 2. It will be noticed that in agricultural societies the proportion of the loans issued for sums exceeding Rs. 250 is steadily on the increase. From 53·94 in 1938–39 the percentage increased to 56·32 in 1939–40 and to 59·22 in 1940–41. This is not a very satisfactory feature. In non-agricultural societies, too, the percentage of loans for sums exceeding Rs. 250 is still high, though it has fallen from 52·25 in 1939–40 to 49·72 in 1940–41. Both in agricultural and non-agricultural societies the percentage of loans for sums less than Rs. 50 was less than 14 per cent of the total loans issued by them. Co-operative societies have been formed mainly for the benefit of persons of limited means, and this cardinal fact should not be ignored.

Security for loans.—Appendix No. 2 also gives a classification of the loans outstanding against members at the end of the year, according to the nature of the security. In agricultural societies, the percentage of loans outstanding on the security of produce and finished products has increased from 16·84 to 25·26, while that of loans on the mortgage of immovable property has fallen from 42·15 to 38·43. While these are undoubtedly satisfactory features, the fall in the percentage of loans on personal surety is not a happy sign. Societies which claim to be really co-operative in character should issue more loans on personal security and less on the mortgage of immovable property. There was, however, some improvement in this direction in non-agricultural societies.

Section II.—Influence of external factors.

13. (*a*) *The War.*—The policy of starting primary and wholesale stores with a view to safeguard the interests of consumers against the conditions brought about by the war was continued, and 124 primary stores and one wholesale stores were started during the year. On 30th June 1941 there were 354 primary stores in the Province, and 3 wholesale stores at Madura, Tinnevelly and Coimbatore.

The effect of war on the co-operative movement in general, and the arrangement to be made for taking full advantage of the present situation and to guard against any post-war reactions, was considered by me at the recent conference of Deputy Registrars. The opinion was unanimous that no efforts should be spared to encourage thrift, especially among the villagers, who should be persuaded to deposit in village societies their additional income on account of the increased prices for agricultural commodities, and that Educational Inspectors should do propaganda in this respect. Stress was laid on the need for central banks, land mortgage banks, etc., adopting a cautious policy in sanctioning loans, in view of the present inflated land values. It was suggested that advantage might be taken of the present situation, when imports from Japan were greatly restricted to organize and

develop suitable cottage industries on co-operative lines. These matters are under my active consideration.

13. (*b*) *Legislation.*—The War Risks (Goods) Insurance Ordinance of 1940, under which all persons, including institutions who hold for sale commodities (other than exempted commodities) to the value of Rs. 20,000 or more within any district or Presidency town, should insure such commodities for their full value, affected co-operative societies also. According to the ruling given by the Government of India, stores societies have no liability or capacity to insure under the Ordinance, but sale societies are liable. Nine societies insured their goods for Rs. 14,41,000 for different periods in the year, and paid a total premium of Rs. 1,254.

In the Indian Finance Act, 1940, the Government of India have included a provision for the levy of super-tax on co-operative societies at a flat rate instead of on a graduated scale. They have also decided to extend to co-operative societies the concession of exemption from income-tax in respect of the income accruing to them from interest on their deposits in the Apex bank or other co-operative banks.

In the last report I had referred to the proposal to amend the Food Adulteration Act for bringing co-operative societies also within its purview. This is still under the consideration of Government.

Section III.—Internal development.

14. *Education and propaganda.*—The schemes of training for the members and staff of co-operative institutions, mentioned in the last year's report, were continued in 1940–41 also. The Provincial Co-operative Union, as usual, conducted classes in various centres for educating the members and panchayatdars of societies in the principles of co-operation. During 1940–41, such classes were held in 760 centres and 8,505 panchayatdars and 66,339 members attended them.

As mentioned in the last year's report, the first batch of secretaries and directors selected from important societies were trained at the Central Co-operative Institute for three months from 15th September 1940. After the training, the candidates returned to their villages and held classes for the members of their own or neighbouring societies for about six months. During 1940–41 such classes were held in 17 districts. The idea was that each candidate should teach about 40 persons at a time but actually the average attendance was only about 25.

Another scheme that was referred to in the last year's report and given effect to in 1940–41 was the appointment of Educational Inspectors for training office-bearers and members of societies. The 24 Senior Inspectors appointed under the scheme visited societies, in the districts, assembled the panchayatdars and such of the members as were willing to learn, and taught them, in

addition to the basic concepts of co-operation, how to keep accounts and to attend to other scriptory work. During the year, these Inspectors altogether conducted 1,872 classes and 53,393 persons attended them.

The comparative efficiency of the three schemes mentioned above, as proved by actual experience, is a matter of considerable interest and a pointer to future action. I regret to have to observe that the training classes run under the auspices of the Provincial Co-operative Union have not been much of a success, and some Central Banks complained to me of the waste of money and effort involved in them. The classes conducted by the secretaries and directors of important societies trained at the Central Co-operative Institute have been useful in some cases, but in their case, too, it cannot be said that they have generally been as successful as was expected; the office-bearers who conducted the classes did not evince a sufficient interest in the work and the response from the members, too, was not quite adequate. On the whole, the other agency, namely, the Educational Inspectors of the department, appeared to be the most effective. The recent conference of the Deputy Registrars was also of the opinion that, when the Government of India grant for co-operative education was withdrawn, the first two schemes might be discontinued as not having produced adequate results, and that the Educational Inspectors might be permanently retained. I shall shortly be approaching Government in this matter, which is of vital concern to the future of the movement in this Province.

The three Senior Inspectors who were appointed in March and April 1940 for propaganda in the prohibition districts of North Arcot, Chittoor and Cuddapah, in respect of non-credit activities were taken away after April 1941, in view of the existence of Special Development Officers in the districts.

To train the staff already employed, and persons seeking employment in co-operative institutions the several schemes that were referred to in the last year's report were in operation during this year. Four courses of training in the duties of Secretaries and Managers of Central and Urban Banks were held in the Central Co-operative Institute for a period of three months each. Twenty-five candidates were as usual admitted to each course. One course of training in non-credit work to departmental Inspectors and unofficial employees of special types of societies was also held in the Central Co-operative Institute during the year. Along with these departmental Inspectors and unofficial employees, a batch of 23 supervisors of Central Banks was also trained under the scheme mentioned in the last year's report. After their theoretical training, the supervisors were given practical training in select districts for a period of three months. This should give an impetus to non-credit activities in their districts.

The peripatetic training classes intended for persons seeking employment in non-official co-operative service were held during

the year for a period of five months at Anantapur and Tanjore. Forty candidates from the Anantapur area and 80 candidates from the Tanjore area were admitted to the course. The classes were conducted under departmental supervision, as the Provincial Co-operative Union to which the business had been assigned in the past did not do it on this occasion.

In my last report, I had stated that the recommendations of the Committee on Co-operation regarding the constitution of a college of co-operation and permanent co-operative training institutes, etc., were under consideration. During the year Government have passed orders on the recommendation of the Committee regarding the training institutes. They have accepted my suggestion to establish three stationary institutes at Rajahmundry, Tanjore and Coimbatore, and a fourth institute at Anantapur to be run in alternative years. Each institute will provide a nine months' course including practical training. Short refresher courses for Inspectors of co-operative societies will also be conducted. Government have also sanctioned to each institute, free of cost, the services of a Co-operative Sub-Registrar as Superintendent, or the grant of a cash subsidy equivalent to his actual cost. The institutes began their work on 2nd July 1941 and the training classes for supervisors are now in progress.

In their Order No. 1695, Development, dated 22nd July 1940, Government had approved my proposals for the appointment of a Dairy Expert in the Co-operative Department. The officer selected joined duty on 1st October 1940 and visited during the year 17 milk-supply unions and 54 milk-supply societies, some of them more than once, and educated the members and employees in the methods of maintaining cattle, producing milk and milk products under hygienic conditions, assembling and distribution of milk, etc. He also gave practical demonstration on the various methods of dairying, besides examining the business aspect of these societies, as regards the utilization of surplus milk, the preparation of milk products, etc., and giving the necessary advice. As a result of his propaganda and teaching, the societies are trying to produce casein, which is a by-product of milk and for which there is some demand in the ply-wood industry, and cheese.

15. *Organization—General survey.*—Four hundred and thirty-six societies were registered in the year in the Province. Of these, 68 were registered in Madura alone. Other districts in which a large number of new societies was registered were Coimbatore (34), North Arcot (27), East Godavari (27), Nellore (25), Kurnool (24), Kistna (22), Ramnad (22) and Salem (21). Of the total number, 132 were agricultural credit societies with unlimited liability, and 50 were non-agricultural credit societies. One hundred and seventy-six of the societies registered during the year came under the category of "Non-agricultural—Purchase and Sale." Of this number, 41 were in Madura, 18 in Coimbatore, 15 in Ramnad and 12 each in East Godavari and Tinnevelly.

Development of various types of societies.—Among the non-credit societies registered during the year, stores societies stood out prominently, their number being 124. Other important types of societies registered were students' stationery societies (32), milk-supply societies and unions (21), sale societies and other agricultural marketing societies (20), weavers' societies (13), consolidation of holdings societies (8), and co-operative canteens (7).

16. *Experiment—Marketing and controlled credit.*—The scheme of controlled credit was in operation during the year in all the districts except Anantapur, South Arcot and Nellore. 54,864 acres of land were brought under the scheme and 918 societies issued loans to the extent of Rs. 10,30,183. The progress made in Salem and North Arcot deserves special mention; of the 918 societies which have worked the scheme, 283 are in Salem and 224 in North Arcot district. It is hoped that more districts will emulate these examples, as it is obvious that the stability and real value of rural co-operative credit primarily depend on its proper control.

The cotton improvement scheme introduced in the Madura and Ramnad districts was worked in the Palni, Periyakulam and Aruppukottai areas. Seeds of pure Co. 2 and K. 1 varieties were supplied to the ryots, through co-operative societies and the total area covered was 3,072 acres. A greater area will be gradually brought under the scheme.

The two reconstituted marketing societies at Tanjore and Kumbakonam did not do any work in the marketing of Tanjore paddy. They were not able to increase their share capital to the extent anticipated. These two societies and the Cauvery Delta Sale Society in Trichinopoly district, which was expected to market paddy in Trichinopoly district, were therefore wound up, and a co-operative marketing federation was started at Tiruvarur, with its jurisdiction extending over Tanjore and Trichinopoly districts. Though it had to contend against odds in the beginning, I am glad to note that it has been able to make some progress. It has purchased 17,431 bags of paddy worth Rs. 80,095 and sold 11,094 bags for Rs. 51,439. It has supplied paddy and rice to the Madura-Ramnad Co-operative Wholesale Stores and the Coimbatore Co-operative Wholesale Stores, and the Harvey Mills Employees' Co-operative Stores. A successful start has thus been made in linking the producers' organizations with those of the consumers. Another marketing federation was later started at Nellore. It has collected a share capital of Rs. 11,300 and just started business. I expect these two marketing federations to do substantial business in the ensuing harvest season.

A district marketing society has been started in Tanjore district, with Negapatam as headquarters, to promote coconut gardening and marketing. There is a large acreage under coconut plantation in Tanjore district, and the society proposes to market the produce of its members, chiefly through the Provincial Marketing Society

at Madras. The first consignment of coconuts has already arrived at Madras and the results of the experiment will be watched. The Kadapakkam coconut and fire-wood growers' society started in Chingleput district has also been sending coconuts to the Provincial Marketing Society for sale.

The question of starting a co-operative fruit marketing federation for the Northern coastal districts of Vizagapatam, East Godavari, West Godavari and Kistna is engaging my attention. Mangoes, plantains, limes, oranges and sapotas are extensively grown in these districts It is proposed to start primary fruit growers' societies in suitable areas and then link them up in a federation with headquarters at Rajahmundry. The scheme will probably fructify in the current year, and the federation is likely to commence work in the next season.

Cotton seed multiplication schemes in Coimbatore, Salem and Ceded districts.—The Tiruppur Sale Society continued to work the seed multiplication scheme for cotton during the year. It supplied pure Co. 2 seed to ryots to cover an area of 4,000 acres in Palladam and Avanashi taluks of Coimbatore district. An agricultural demonstrator, a maistry and a messenger given free by Government assisted the society in working the scheme. The total quantity of seed produced during the year and certified by the Agricultural department after germination test was 6,137 bags. The proposals to introduce similar schemes for Co. 3 cotton in Salem and for H. 1 cotton in the Ceded districts are under the consideration of Government.

Paddy seed multiplication scheme in North Arcot and Malabar districts.—Five societies in the Vellore taluk of North Arcot and three societies in Malabar have worked the seed multiplication scheme for paddy, and have completed the first year of the scheme. It has been extended to the Arni and Walaja taluks in North Arcot district and four societies have been selected in each of the two taluks to work it. To induce greater interest, Government have sanctioned the payment of bonus to the societies at rates varying from 2 annas to 6 annas per bag of seed produced.

Potato seed multiplication scheme in the Nilgiris.—The Nilgiris Marketing Society has worked for the second year the seed multiplication scheme for potatoes in the Nilgiris in consultation with the Agricultural department. The society has supplied 1,012 maunds of pure seed to potato growers in the area. Government have sanctioned the payment of bonus for this work also.

Electric motor and power pump supply.—An interesting experiment in the supply of electric motor pumps to ryots for irrigation purposes has been started in North Arcot. The North Arcot District Co-operative Electric Motor and Power Pump Supply Society was registered and started on its work during the year. The society supplies motor and power pumps to members by purchasing them wholesale; and recovers their cost in a period of

seven years. It has up to now supplied 13 pumping sets to members at a cost of Rs. 8,011.

Consumers' co-operation.—The policy of starting stores' societies in important centres to check the profiteering tendency of retail shopkeepers was continued during the year, and the number of stores has steadily increased. At the end of the year there were 354 stores working in the Province, and the sales effected by them during the year reached the remarkable figure of Rs. 58,33,390. Co-operative buying has more or less established itself with consumers in urban and semi-urban areas.

A third wholesale store has been started at Coimbatore, to serve the primaries in the Coimbatore, Nilgiris and Malabar districts. The starting of another "wholesale" at Rajahmundry to cover the East and West Godavari districts is under contemplation.

The Madura-Ramnad Co-operative Wholesale Stores has completed its second year of working. Its purchases during the year totalled Rs. 5·64 lakhs, and its sales Rs. 5·84 lakhs. The 'wholesale' had in the beginning to contend with a number of practical difficulties in its working, and it did not also resort to scientific buying at the producing centres at the appropriate time. This resulted in a little loss, but the business has now been mastered and I expect its work will now go on with a swing. Its experience has provided useful lessons for the other 'wholesales' subsequently started.

The Tinnevelly Central Stores actually commenced business only this year though it was registered and started on its work in 1939–40. It was able to collect a share capital of Rs. 13,045 and effect sales to the extent of Rs. 1,98,482. In order to improve its working its headquarters has been shifted from Tinnevelly to Tuticorin which is the natural centre for such an enterprise.

The Coimbatore Central Stores was registered and started on its work during the year. It has made a good beginning and sold goods worth Rs. 60,485. Recently, its management has been reconstituted by giving greater representation to the mill employees' stores which furnish the bulk of its business.

There had been differences between the Central Stores and the primaries in respect of business relating to the supply of finance, purchase of stock, etc. The matter was, therefore, discussed at the recent conference of Deputy Registrars at which it was suggested that for ensuring the smooth working of the wholesale and primary stores, much the larger part of the representation on the Board of Management of the wholesale stores should go to the primaries which did a decent volume of business, the by-laws of the wholesale stores specifying the volume of business that should be done by a primary to entitle it to a seat on its Board. It was also suggested that primary stores should ordinarily obtain all their main requirements from the wholesales, that in special cases the primary might be permitted to purchase stock from outside but

with the previous consent of the wholesale, that the wholesale should take back any stuff supplied by it to primaries in case it is returned because of its inferior quality, that primary stores should be exclusively financed by the wholesale stores and central banks should not give them any advances, and that wholesale stores should train the staff employed in the primaries, the control of the staff being left to the primaries themselves. I am advising the wholesale and primary stores to adopt these suggestions.

Sixteen more stores were started during the year for mill workers in towns, and the total number of such stores is now 31. The mill authorities continued to give their full support to the movement. The Madura Mill Workers' Store again deserves special mention. It had a membership of 4,320 and a paid-up share capital of Rs. 34,830. Its sales during the year amounted to Rs. 2,81,801. The management of the mills has generously placed at the disposal of the stores a spacious building at a nominal rent of Re. 1 per mensem and has also given it a handsome subsidy of Rs. 15,000.

I may here refer to a scheme for the starting of credit societies for the employees of textile mills. The workers, as a rule, are deeply in debt, and the loans sometimes carry interest at as high a rate as two annas in the rupee per mensem. For providing a reasonable amount of credit at a fair rate of interest a beginning has been made in the Coimbatore district in starting co-operative credit societies exclusively for mill employees. During the year, a society has been formed for the employees of the Cotton, the Janardhana and the Lakshmi Mills, which form a convenient group. The managing agents of the three mills and four representatives of the labourers, elected from among themselves constitute the Board of Management. Government have also sanctioned a Junior Inspector, for a period of one year free of cost, to work as its Secretary.

During 1940–41, 32 municipal inferior employees' societies purchased cloth, foodstuffs, etc., worth Rs. 66,572 for distribution among their members and it is estimated that such purchase and distribution resulted in a net saving of Rs. 905 to members. One society in Madura district alone purchased and supplied to members articles worth Rs. 26,000.

The experiment of issuing loans in kind through the one-rupee cheque system introduced in Madura has made further headway The central bank issued up to the end of the year one-rupee cheques to the value of Rs. 39,865 to 137 societies. The details of the system and its advantages have been described in the report for 1939–40.

Fire and General Insurance Society.—Last year I referred to the proposal for the registration of a Fire and General Insurance Society. The society has now been registered and started on its work. It has so far collected a share capital of Rs. 3,08,000 and has also made the necessary initial deposit with the Superintendent

of Insurance. The society could not, however, do any insurance business during the year pending the receipt of the certificate of registration from the Superintendent of Insurance under section 4 of the Insurance Act. The certificate has since been received and the society has just commenced business.

Co-operative Canteens.—A new line of co-operative activity has been the starting of canteens for the employees of public offices, commercial firms, large industrial concerns, etc. Seven separate canteens have been started and six co-operative stores have been running canteens as a subsidiary activity. These canteens altogether did business to the extent of Rs. 88,217 and earned a total net profit of Rs. 3,302. They constitute one line of public health activity in urban areas.

Co-operative Milk-supply Unions and Societies.—These societies usually have large quantities of surplus milk during the monsoon months. They convert it into milk sweets or ghee, but this is not profitable. There is a large demand for table butter and tinned cheese for supply to the Army, and attempts are being made to see whether co-operative societies cannot profitably utilize their surplus milk in this direction. I am asking the bigger milk-supply unions like those at Madras, Coimbatore, Madura and Kodaikanal to try the manufacture of table butter and cheese from their surplus milk, and my Dairy Expert has also demonstrated to the Coimbatore Milk-supply Union the proper method of preparing Cheddar cheese. If the attempts prove successful, milk-supply societies and unions will be taking up a useful line of activity.

Another disability under which milk institutions suffer is the lack of fodder in summer months. To get over the difficulty, the ensilaging of grass has been attempted as an experimental measure, by the Kodaikanal and the Bellary Milk-supply Societies under the guidance of the Dairy Expert. To enable the societies to do this work on a large scale, I have proposed to Government that they may be permitted to remove monsoon grass in forest areas free of cost. The proposals are under their consideration.

Section IV.—Details of the work of some of the more important societies.

17. *Rural Credit Structure*—(i) *Madras Provincial Co-operative Bank.*—The deposits from individuals rose from Rs. 78·29 lakhs to Rs. 96·47 lakhs during the year. The deposits from central banks and societies also rose from Rs. 65·35 lakhs to Rs. 83·03 lakhs. There was a slight fall from Rs. 63·53 lakhs to Rs. 61·96 lakhs in the deposits from joint-stock and other institutions and local boards. The total borrowings, however, increased from Rs. 228·56 lakhs to Rs. 241·46 lakhs. The entire borrowings were by way of deposits. The working capital of the bank also increased from Rs. 264·91 lakhs to Rs. 279·45 lakhs. The owned capital was Rs. 37·98 lakhs, i.e., 15·7 per cent of the total deposits. The

position of the bank as regards its cash resources, investments in Government securities and loans and advances on the last day of the year was as follows :—

	RS. LAKHS.	Percentage to deposits.
Cash on hand and in banks	25·88	10·7
Investments in Government promissory notes	116·81	48·4
Loans and Advances	119·37	49·4

It will be seen that the bank satisfied in all respects the standards suggested by the Reserve Bank of India for the distribution of assets of Provincial and Central Co-operative Banks. The bank continued to have the overdraft accommodation of Rs. 37 lakhs allowed by the Imperial Bank of India.

There was a further increase in the volume of loans given by the bank to central banks during the year; the loans totalled Rs. 119·77 lakhs as against Rs. 99·82 lakhs in the previous year. The loans on the pledge of produce alone amounted to Rs. 92·13 lakhs as against Rs. 62·35 lakhs in the previous year.

The loans outstanding against Central Banks at the end of the year amounted to Rs. 99·56 lakhs. The banks kept their obligations to the Provincial Bank, and there were no overdues at the end of the year

The Bank continued to finance the Vuyyur Agricultural Industrial and Credit Society and the Madras Officials' Automobile Co-operative Society. It also financed the Madras Handloom Weavers' Provincial Co-operative Society in respect of marketing and yarn advances to primaries. The total advances made by the Provincial Bank during the year to societies other than Central Banks amounted to Rs. 16·57 lakhs, and Rs. 11·9 lakhs were outstanding at the end of the year The advances to individuals amounted to Rs. 5·27 lakhs, and Rs. 2·57 lakhs were outstanding.

The Bank continued the scheme of subsidies to Central Banks for the development of sale societies and their marketing operations. The total subsidy given during the year was Rs. 25,500 for development of sale societies and Rs. 4,485 for marketing. The bank also gave a subvention of Rs. 3,725 to five Central Banks, which undertook a special scheme of overhaul of societies approved by the Provincial Bank and the Registrar, and employed a special staff for the purpose.

The Bank earned a net profit of Rs. 2·53 lakhs.

(ii) *Central Banks.*—There was an increase in the total borrowed capital of the banks and in their working capital, as shown below :—

	1939–40. RS. (IN LAKHS.)	1940–41. RS. (IN LAKHS.)
Borrowed capital	465·02	478·35
Working capital	580·30	595·10

The deposits from individuals slightly fell from Rs. 159·67 lakhs to Rs. 154·57 lakhs. The deposits from joint-stock and other institutions and local boards remained almost stationary—Rs. 65·23 lakhs at the end of the year as against Rs. 65·13 lakhs at the end of the previous year. The deposits from primary societies, however, increased from Rs. 135·36 lakhs to Rs. 143·75 lakhs. Taking deposits from all sources, there was an increase from Rs. 360·57 lakhs to Rs. 364·43 lakhs. I am happy to record that, notwithstanding the conditions created by the war, the position of the central banks as regards their deposits generally remained normal, proving thereby that the banks on the whole continue to enjoy the confidence of the investing public. There seems, however, to be a feeling that some positive steps should be taken to ensure greater publicity to the operations of central banks. This question has been engaging my attention.

The owned capital of the banks was Rs. 116·75 lakhs, and amounted to 32 per cent of the deposits and 24·4 per cent of the total borrowed capital. The paid-up share capital and reserve fund alone amounted to Rs. 85·23 lakhs, and this represented 17·8 per cent of the borrowed capital. The recent amendment to the rules enhancing the proportion of the net profits to be allocated to the reserve fund to at least one-third of the net profits, until the reserve fund and other reserves equal the paid-up share capital, will, it is hoped, quicken the building up of the owned capital.

Investments and fluid resources.—The banks held at the end of the year cash resources to the extent of Rs. 34·61 lakhs and investments amounting to Rs. 127·96 lakhs. Of the total investments, a sum of Rs. 43·28 lakhs represented investments in Government securities. The percentage of cash resources to deposits was 9·5 and that of the total investments to deposits was 35·1. On the basis of these percentages, it would appear that the remaining 55·4 per cent of the deposits had been invested by the banks in loans and advances. While these figures no doubt indicate that all the central banks put together approximated to the standards suggested by the Reserve Bank of India in the distribution of their assets, it should not be inferred that the position was so in the case of every individual bank. In my last report, I had stated that the Reserve Bank's suggestion regarding the distribution of assets in central banks was under my consideration. The Registrars' conference held at New Delhi in December 1939, which considered this subject, had recommended an examination of the standards of fluid resources obtaining in each province in the light of the Reserve Bank's standards and in doing so, had emphasised the fact that, whatever standards might be fixed, they should be strictly adhered to. I have since examined the question in detail after a study of the relevant statistics, and the conclusion has been borne in upon me that the Reserve Bank's standards are too high. Experience has generally shown the adequacy and soundness of the standards and forms of fluid resources already prescribed by Government for central banks in

this Province, and I do not see any strong reasons for changing them. The Committee on Co-operation considered that they were satisfactory and called for no change, and Government have also decided in favour of continuing the present forms and standards of fluid resources. The question, then, is what steps should be taken to ensure, as recommended by the Registrars' Conference, that the central banks strictly adhere to these standards. Though central banks in general have realized the importance of maintaining fluid resources to the prescribed extent, instances are unfortunately not wanting where banks have allowed deficits to occur either in their anxiety to develop their business or for other reasons not absolutely beyond their control. Seventeen central banks had deficits in their fluid resources on certain days during the year, as against 16 in the previous year. The deficits were, however, for short periods except in four cases. It should be possible for banks with a little more care to forecast their requirements and to so regulate their resources as to keep to the prescribed standards. I have once again impressed on the banks the importance of complying with this vital statutory requirement and have also warned them that statutory remedies will have to be considered if they continue to violate the rule.

Loans issued, collected and overdue.—The loans granted by the banks to societies amounted to Rs. 227·33 lakhs, i.e., Rs. 24·63 lakhs more than the amount lent last year. The short-term loans alone amounted to Rs. 188·21 lakhs. Twenty-seven as against 24 central banks in the previous year lent more under short-term loans than under medium-term loans. The medium-term loans exceeded the short-term in the central banks at Vellore, Madras and Trichinopoly, while in the central banks at Coimbatore, Salem and Kurnool, the medium-term loans were nearly as much as the short-term loans given by them. Loans amounting to Rs. 221·73 lakhs were recovered during the year, leaving a sum of Rs. 349·75 lakhs outstanding at the end of the year. The loans given to individuals during the year amounted to Rs. 9·54 lakhs, and the loans due by them at the end of the year amounted to Rs. 5·46 lakhs. A sum of Rs. 30·97 lakhs was due from societies under liquidation.

The total investments of central banks in medium-term loans amounted to Rs. 202·42 lakhs. Including, however, the short-term loans outstanding for more than one year, which according to the recommendation of the Reserve Bank of India and the resolutions of the last Registrars' Conference, which have been accepted by Government, should be classified and shown in the balance sheet of central banks under medium-term loans, the total medium-term investments in loans would amount to Rs. 227·72 lakhs. Against this sum, the banks held medium and long-term resources to the extent of Rs. 213·73 lakhs in the shape of paid-up share capital, reserve fund and bad debt reserve, and the reserve fund deposits of societies invested with them. The resource position on this basis was, however, unsatisfactory in 19 central banks.

It may be hoped that, with the confirmation of the new rule VIII-A, which is under the consideration of Government, restricting the period of medium-term loans to three years and empowering the Registrar to prescribe the maximum proportion of short-term and medium-term credits of central banks and societies, it will be possible to restrict the medium-term business in the case of these banks and bring about an improvement in their resource position soon.

Appendix 3, Section II, shows the percentage of balance to demand under principal, arrear interest and current interest due to the central banks. The presidency average of the percentage of arrears during the last three years was as shown below :—

Year.	Principal.		Interest.	
	Medium-term.	short-term.	Arrear.	Current.
1938–39	56·21	25·20	47·31	9·09
1939–40	52·76	22·85	40·41	8·32
1940–41	55·15	17·20	35·25	7·38

Compared with last year, there was a reduction in the Presidency average under all heads except medium-term principal.

Cost of management.—The total cost of management of the banks including that on the maintenance of the administrative section and the supervising staff was Rs. 9·54 lakhs, which worked to 1·6 per cent of their working capital. In 17 central banks, the percentage was in excess of this Presidency average.

Net profits.—Twenty-seven central banks worked at a total net profit of Rs. 3·61 lakhs, as against 28 banks with a profit of Rs. 2·86 lakhs in the previous year. The Guntur District Bank showed neither profit nor loss, while the central banks at Srivilliputtur and Chicacole sustained together a loss of Rs. 902. The increased turn-over of the banks under loans to societies and the enhancement of the lending rate by a few banks accounted for the increase in the net profits.

It must be mentioned here that a slight change was introduced during the year in the treatment of unrealized interest in arriving at the divisible profits of central banks. The practice all along has been to include, in the divisible profits, the interest accrued on all loans (other than those due from societies under liquidation) provided no instalment of interest was overdue on such loans. The Reserve Bank of India had suggested that unrealized interest should be classified under the following heads; and that only the interest recoverable under item (4) (*a*) should be taken to divisible profit—

(1) Interest recoverable from D. class societies.
(2) Interest recoverable from societies under liquidation.
(3) Interest recoverable on other bad and doubtful debts.
(4) Other interest recoverable—
 (*a*) interest earned on accounts on which no interest was overdue.
 (*b*) interest earned on accounts on which interest was overdue.

This suggestion was commended by the last Registrars' Conference and, with the approval of Government, has been adopted. The result was that the interest recoverable from 'D' class societies and on bad and doubtful debts was excluded from the divisible profits.

Another change that was introduced during the year was in the method of allocation of the profits to the Bad Debt Reserve. It was generally the practice hitherto for the Registrar to provide for the bad debt reserve by retrenchment of the profits of central banks before their 'net profits' were declared by him. In view of the representations made by some banks, the legal position as regards this procedure was examined. It was held that the business of an auditor was only to certify to the correctness of the accounts of the year and not to prescribe what provision should be made for the future, that it was for the banks to make appropriations to the bad debt reserve or other reserves from their general funds or their net profits, as the case might be, and that the Registrar could only advise the banks in this matter in the first instance. The practice was, therefore, changed. Where the banks had a provision in their by-laws for the allocation of the necessary amount to the bad debt reserve, they were advised to do so, the amount that might be so allocated from their net profits being indicated in the audit certificates issued to them. Where, however, there was no provision in their by-laws for such allocation, or where the maximum proportion of the net profits that could be allocated was small, the banks concerned were consulted before the certificates were issued and the amounts agreed upon by them were retrenched from the profits before the declaration of their 'net profits.' To ensure uniformity in the procedure, the draft of a by-law which might be adopted by banks to facilitate the allocation to the bad debt reserve of such portion of the net profits as might be decided upon by their general bodies on the advice of the Registrar has also been suggested to them. The total amount added to the bad debt reserve during the year was Rs. 1·04 lakhs and the amount held by the banks at the end of the year was Rs. 19·47 lakhs. The amount that certain central banks were advised to allocate to the reserve from their net profits was Rs. 23,917.

(iii) *Agricultural Credit Societies.*—The details of the transactions of these societies during the year are exhibited in Imperial Statement B. The following statement shows the comparative financial position of the societies during the last three years :—

	1938–39. RS. (IN LAKHS).	1939–40. RS. (IN LAKHS).	1940–41. RS. (IN LAKHS).
Paid-up share capital	53·36	54·89	54·30
Reserve Fund	78·75	80·37	81·46
Working Capital	473·00	475·34	454·00
Loans issued to members	147·47	147·29	144·72
Loans outstanding against members ..	353·53	354·15	330·95
Net profit	4·06	4·23	5·03
Net loss	20·29	20·53	20·22

During the year, there has been a slight fall in the transactions of these societies, particularly in the loans outstanding against members. The cancellation of the registration of as many as 267 societies during the year was partly responsible for this. The popularity of sale societies may be another reason. While the loans outstanding against members of credit societies have fallen by about Rs. 23 lakhs, those outstanding against members of agricultural non-credit societies, particularly sale societies, have increased by about Rs. 29 lakhs. Evidently, the ryots are, to an increasing extent, availing themselves of the credit and other facilities afforded by sale societies and are transferring a part of their debts from credit societies to sale societies. The shrinkage in loan business may also be on account of the fact that societies have encouraged more short-term than medium-term loans. The total medium-term loans disbursed during the year was less than that issued last year by about Rs. 7 lakhs while the loans issued under short-term recorded an increase of Rs. 4 lakhs over that of the previous year.

Though the transactions have fallen, the profits earned by the good societies have increased and the losses incurred by the bad ones have slightly decreased. The total profits and losses of the societies were as follows :—

	Profits. RS. IN LAKHS.		Losses. RS. IN LAKHS.
Interest earned ..	23·26	Interest paid and due ..	15·83
Other items	4·15	Cost of management ..	4·07
		Debts written off ..	0·85
		Loss of previous years ..	19·50
		Other items	2·35
	27·41		42·60

Excluding the loss of previous years, the loss or rather expenditure during the year was only Rs. 23·10 lakhs, while the income during the year was Rs. 27·41 lakhs. The working of the societies during the year has, therefore, resulted in a net profit of Rs. 4·31 lakhs.

The following statement shows the percentage of balance to demand under principal and interest during the past three years :—

Year.	Principal.			Interest.		
	Demand.	Balance.	Percentage.	Demand.	Balance.	Percentage.
	RS. IN LAKHS.	RS. IN LAKHS.		RS. IN LAKHS.	RS. IN LAKHS.	
1938–39 ..	265·73	162·25	61·06	66·34	45·51	68·59
1939–40 ..	295·89	163·21	55·16	67·41	43·07	63·89
1940–41 ..	304·47	155·01	50·91	63·96	40·63	63·52

Especially under principal, it is gratifying to note that there has been a marked fall in the percentage of overdues. Appendix No. 4—Section I (*b*) gives details of overdues, district by district,

and the percentage of balance to demand under principal, arrear interest and current interest. Appendix No. 3—Section 1 (*b*) gives details of overdues in respect of the loans due by the societies to central banks and others.

18. *Land Mortgage System*—(i) *The Madras Co-operative Central Land Mortgage Bank.*—The transactions of the Central Land Mortgage Bank are furnished in the Imperial Statement A.

The XXVIII series of debentures floated by the Bank towards the close of 1939–40 was fully subscribed during this year. The Bank also floated the XXIX and the XXX series at 3½ per cent at par for Rs. 30 lakhs and Rs. 20 lakhs, respectively. The total amount of debentures issued in the year was Rs. 56,06,000.

From the principal collections in loans financed by the VIII and the X to the XXIII series of debentures, the Bank redeemed during the year debentures for Rs. 7,64,300 of which debentures for Rs. 23,800 were paid in cash and the balance converted into the new debentures issued by the Bank.

According to the terms regulating the maintenance of Sinking Funds, the annual contributions payable into them by the Central Land Mortgage Bank in respect of the XXIV and subsequent series have aggregated by the end of 1940–41 to Rs. 5,86,317, while the contributions actually made into these funds amounted to Rs. 15,05,222. From these funds, the Bank purchased Government promissory notes for Rs. 3,61,394 and its own debentures to the value of Rs. 7,97,800, while the balance remained in the current accounts.

Government continued to give temporary short-term advances to the Central Land Mortgage Bank, at 3 per cent, throughout the year. The loans drawn by the Bank amounted to Rs. 43,00,000 and the repayments to Rs. 59,05,000 in the co-operative year 1940–41. The balance of loans due to Government on 1st July 1941 was Rs. 10,00,000.

The Bank earned a net profit of Rs. 2,41,408–11–0.

Government have increased their guarantee of the principal of and interest on the debentures of the Central Land Mortgage Bank from Rs. 250 lakhs to Rs. 310 lakhs. The debentures in circulation at the end of the year 1940–41 amounted to Rs. 2,43,26,300 leaving a balance of Rs. 66,73,700 covered by the guarantee.

In view of the satisfactory financial condition of the Central Land Mortgage Bank, Government felt that it could now pay a portion of the cost of the Co-operative Sub-Registrars and their peons appointed both for its benefit and for the benefit of the primary banks. After examining the question, they have directed

that one-half of the cost of Co-operative Sub-Registrars and their peons should be recovered from the Bank for a period of three years from 1st April 1941. This recovery will, for the present, be made only from the Central Land Mortgage Bank. The by-laws of Primary Land Mortgage Banks and the Central Land Mortgage Bank provide for the issue of loans for land improvement, but loans have, so far, been given almost exclusively for the liquidation of prior debts. The Central Land Mortgage Bank has now taken up the financing of land improvements also. As regards the necessary funds, the Bank has estimated that, for some time, its own resources will be sufficient and that the necessity to float debentures for this purpose for shorter periods will not arise in the immediate future. As the issue of loans for land improvements is a new venture and bears no resemblance, both in the matter of investigation of loan applications and in their disbursement, to the loans hitherto issued by Primary Land Mortgage Banks for the discharge of prior debts, the Central Land Mortgage Bank has set about framing rules to regulate their sanction and disbursement.

Another important matter considered by the Central Land Mortgage Bank was the issue of further loans by primary land mortgage banks to their members. The point was that, when once a Primary Land Mortgage Bank had issued a loan to its member for the redemption of his debts, it should be possible for him to live within his means and avoid incurring fresh liabilities, and that, on principle, further loans should be discouraged except in abnormal circumstances like famine, cyclone, floods, etc. The Bank, while agreeing with the principle, recognized at the same time that there was no objection to sanctioning second loans for certain specific objects like land improvements including irrigation facilities and other purposes mentioned in the Takkavi Manual, growing of fruit-trees, plantations, installation of machinery, purchase of lands to round off holdings, etc.

The valuation of mortgaged properties conducted in the year revealed a large number of cases of unauthorized alienations of hypotheca by members in Primary Land Mortgage Banks. The matter was examined in consultation with the Central Land Mortgage Bank and it was agreed, purely for reasons of expediency, that in cases where, even after the alienation of a part, the residual security was adequate for the balance of the loan, no action need be taken and, that, in the other cases, the necessary steps should be taken to obtain the security required or to close the loans. This arrangement was applied to cases of unauthorized alienations which existed on 14th February 1941, and it was made clear that no concession whatever would be extended to cases of alienations occurring after that date.

The Central Land Mortgage Bank issued during the year loans to the primaries to the extent of Rs. 40,77,760 and the amount of loans outstanding and due to it from the primary banks

at the end of the year was Rs. 2,41,48,955. The following statement shows the regional distribution of these loans :—

Region.	Amount of loans issued in the year.	Amount of loans due from Primary Land Mortgage Banks in these Regions.
	RS.	RS.
1. Circars (Vizagapatam, East Godavari, West Godavari, Kistna and Guntur) ..	16,61,480	1,01,31,397
2. Ceded Districts, Chittoor and Nellore	3,09,875	15,86,565
3. Chingleput, North Arcot and South Arcot	5,32,090	27,33,775
4. Coimbatore, Salem, the Nilgiris and Trichinopoly.	7,75,295	53,56,575
5. Madura, Tinnevelly, Ramnad and Tanjore ..	6,77,495	41,00,082
6. West Coast (Malabar and South Kanara)	1,21,525	2,40,561

It will be apparent that the distribution of loans has been uneven from region to region and that there has been a great concentration of loans in two or three areas (particularly in the first and the fourth groups). This may, to some extent, be justified on the ground that land values and the extent of the indebtedness in these areas are greater than in the others, nevertheless it seems clear that greater attention should be paid to areas where the loan transactions had been comparatively low in volume.

(i) *Primary Land Mortgage Banks.*—There were 119 banks at the beginning of the year, and no bank was either registered or dissolved during the year. The 119 banks cover 19,159 villages. Loans were issued in 5,590 villages. The transactions of the banks are given in Imperial Statement B.

The loans taken in the year from the Central Land Mortgage Bank amounted to Rs. 40·55 lakhs while repayments were made to the extent of Rs. 18·21 lakhs. The total outstandings at the end of the year stood at Rs. 240·90 lakhs. As in the previous years, there were no overdues to the Central Land Mortgage Bank either under principal or under interest.

During the year, 2,827 loans totalling Rs. 42·17 lakhs were issued to members as against 2,838 loans for Rs. 42·57 lakhs issued in 1939–40. The slight fall in transaction was partly due to the fact that applications for loans exceeding Rs. 5,000 were not entertained by the banks, and partly because of the rise in land values, which encouraged ryots to discharge their debts by disposing of a part of their lands without approaching the banks for loans. The collections made from members in the year amounted to Rs. 17·36 lakhs, leaving a balance of Rs. 246·90 lakhs outstanding at the end of the year. The percentage of arrears to demand, under principal, arrear and current interest due from

members, is given in Appendix 4, section 1 (*a*). There was a fall in the percentage of arrears under principal from 13·04 to 10·80. Thirty-six banks worked at a total profit of Rs. 1·60 lakhs, while the remaining banks worked at a total loss of Rs. 0·20 lakh.

In my last report, I had stressed the need for a margin between the maximum period of debentures and the maximum period of loans, so that, when abnormal situations due to famine, floods, cyclones, etc., arose, an extension of time for payment of instalments could be sanctioned to members. Government have since examined the question and have directed that the maximum period of loans might be limited to 15 or 16 years, without raising the period of debentures.

The provision now made under section 29-A of Land Mortgage Banks Act to call on creditors of applicants and others either to produce documents or to furnish information material to the investigation of loan applications has been utilized in a few cases with satisfactory results, in others, the mere knowledge of the existence of such a provision seems to have made creditors readily comply with the request of primary land mortgage banks. It cannot be said, however, that by the application of the rule the delay in the disposal of loan applications has been greatly minimized. The applicants themselves are mostly responsible for the delays and the remedy lies in educating them to be more business-like in their dealings.

The amendments proposed to the Land Mortgage Banks Act with reference to section 20 of the Malabar Tenancy Act are still under the consideration of Government.

19. *Urban credit—Non-agricultural credit societies.*—The details of transactions of urban banks which are required to maintain fluid resources, employees' societies and other non-agricultural credit societies with limited and unlimited liability are shown in Imperial Statement C. These societies generally did not make any marked progress during the year. While the number of societies remained almost the same as in the last year, their membership fell by about 2 per cent, and the loans outstanding against members also came down by about 1 per cent. There was, however, an increase in the working capital of the societies by 2 per cent. Though the total borrowings of the societies during the year rose by about Rs. 2 lakhs, the loans taken from central banks fell by more than Rs. 7 lakhs. The deposits received both from members and non-members were more than in 1939–40, particularly those from members which increased by about Rs. 8 lakhs. The societies did not find any difficulty in raising from the public the necessary funds for their business even in the uncertain conditions created by the war.

During the year, 172 to 182 societies had to maintain fluid resources. Of these, 22 to 28 societies failed to maintain the required standard during the four quarters. The importance of maintaining the prescribed standard was impressed on them.

The Madras Provincial Co-operative Marketing Society which was started in 1936 with the object of stimulating and co-ordinating the work of sale societies and arranging for the sale of their surplus produce in Madras or in other markets, has made some progress, but only in a limited sphere. It has not yet taken up wholesale marketing except in the case of 'Sathugudi' oranges; it has been mainly functioning as a retail society in respect of articles of domestic consumption like rice, dholl, ghee, etc., and its transactions in this respect are mostly confined to Madras. In 1940–41, the total value of the articles sold by it was only Rs. 2·35 lakhs. It seems time for it to take up the co-ordination of the various sale societies with regard to wholesale marketing of their produce. Any changes in its constitution, which may be necessary for this purpose, must also be considered. The whole matter of marketing on a large scale was considered by me at the recent conference of Deputy Registrars. It was suggested at the conference that the society should tackle all 'money' crops through special federations already formed and to be formed and that the posisbility of organizing such federations for fruits, turmeric and cotton should be investigated. Marketing federations for paddy have already been started at Tanjore and Nellore and their working has been described in paragraph 16. The idea is that the Provincial Marketing Society should assist these regional federations and those which will be started in future by putting them in touch with wholesale markets and securing large orders for their produce. I shall discuss this question shortly with the Provincial Marketing Society.

21. *Primary and wholesale stores.*—The following statement shows a summary of the transactions of primary stores societies for the last three years :—

Year.	Value of goods on hand at the beginning and those bought during the year.	Value of goods sold.	Net profit.	Net loss.
	RS. (IN LAKHS.)	RS. (IN LAKHS.)	RS.	RS.
1938–39	25·03	23·77	68,003	12,062
1939–40	39·46	35·62	83,972	15,835
1940–41	61·92	58·33	1,26,367	56,042

The Triplicane Urban Co-operative Society continued to be the premier primary store in the Province. It had 30 branches, 6,547 members and a share-capital of Rs. 87,203. The value of goods sold by it during the year was Rs. 11·57 lakhs, i.e., Rs. 1·93 lakhs more than in 1939–40. The working of the society resulted in a net profit of Rs. 17,905.

The progress of the three wholesale stores and of the stores exclusively formed for mill labourers is described in paragraph 16.

Students' Stationery Stores.—The transactions of students' stationery stores in the last three years were as shown below :—

Year.	Number of members.		Number of associates.	Value of books, etc., sold.	Net profit.	Net loss.
	Students.	Teachers.		RS.	RS.	RS.
1938–39 ..	3,976	1,588	10,251	1,72,934	13,650	1,351
1939–40 ..	3,846	3,566	17,589	2,45,344	17,110	2,138
1940–41 ..	5,792	4,243	29,682	3,54,513	29,420	2,876

The Provincial Co-operative Stationery Stores did not make much progress. At the end of the year it had 107 members, of whom 91 were societies and 16 were individuals. The value of books, etc., sold by the society during the year was Rs. 10,668.

22. *Societies for handloom weavers.*—The statement below shows the transactions of primary weavers' societies in the last three years :—

Year.	Value of raw materials purchased.	Value of finished products sold to the public.	Net profit.	Net loss.
	RS. (IN LAKHS).	RS. (IN LAKHS).	RS.	RS.
1938–39	3·22	7·37	16,319	27,348
1939–40	4·84	11·19	39,378	34,161
1940–41	6·52	14·06	53,219	20,963

The Madras Handloom Weavers' Provincial Co-operative Society had at the end of the year a membership of 181 weavers' societies, 87 individuals, 9 firms, 48 central banks and other co-operative societies, and one institution, and it had a paid-up share capital of Rs. 63,425. During the year, the society received from Government a subvention of Rs. 93,041, of which Rs. 40,676 were given to 135 primary weavers' societies for meeting their establishment charges and the purchase of weaving appliances, and the balance was utilized for the working expenses of the Provincial Society, its two emporiums, 6 sales depots and the dyeing factory at Madura. The Provincial Society guaranteed the supply of yarn by mills to its primaries to the extent of Rs. 96,940. Cash credit loans for Rs. 19,209 were given to societies for the purchase of the raw material required by their members and for payment of wages. Loans were also given to the societies to the extent of Rs. 21,783 on the security of the finished goods kept by them in the sales depots. Owing to the inability of the Provincial Society to finance all primary societies to the extent needed by them, some of the primaries have been occasionally taking advances also from local central banks. Experience has, however, shown that this arrangement under which societies are given loans by two different institutions is not quite satisfactory. I am, therefore, advising Central Banks to give primary weavers' societies all the loans they require on the security of finished products, and the Provincial Society to confine itself to giving a guarantee to mills for the supply of yarn to the societies.

In January 1941, the Executive Committee of the Provincial Society appointed a Sub-Committee consisting of its President, the President of a weavers' society, and myself to examine and report on the working of the weavers' societies and the steps to be taken to improve them. The Sub-Committee made several radical recommendations which are being adopted. Seventy-nine societies have so far appointed paid secretaries or managers as recommended by the Provincial Society. New societies have been registered in the districts recommended by the Sub-Committee and the share capital of the Provincial Society has been raised during the year from Rs. 41,930 to Rs. 63,425. I have been persuading Central Banks and spinning mills also to join the society and subscribe towards its share capital, and the response has been satisfactory. Since the close of the year the share capital has increased to Rs. 80,100; 28 central banks and 9 spinning mills having taken shares in the society. Central banks sanctioned advances to weavers' societies to the extent of Rs. 2½ lakhs during the year. The Provincial Society has recently appointed a standardization assistant to regulate production in societies, as well as 8 marketing officers who have guaranteed sales up to a fixed minimum of Rs. 10,000 a month. To increase the sales, arrangements are also being made to supply the requirements of departments under the Local Government as well as the Army, as far as possible. The posts of supervising officers have been abolished and the supervision of the societies has been taken over by the department. As for the change in the constitution of the Board of the Provincial Society, Government have approved the proposal to include on the Board of Management experts representing spinning mills and the cloth and yarn trade. Government also recognized the need for the appointment of a special officer for the development of handloom weavers' societies in the Province and have sanctioned the appointment of a Deputy Registrar for a period of two years. The officer joined duty in September.

Government of India have recently appointed a Fact-finding Committee to investigate certain facts relating to the handloom and mill industries. The committee will, in particular, investigate how far an enactment prohibiting the mills from using yarns of low counts would help the handloom industry in maintaining its production. The committee has not yet completed its labours.

On account of the conditions created by the war, there has been an abnormal rise in the price of yarn, dyes and chemicals and weavers have in consequence been finding it difficult to procure yarn and get continuous employment. I had to arrange with the Harvey Mills, Madura, and a few mills in the Coimbatore district to supply, on a forward contract basis and at favourable rates the yarn required by the societies for the use of members. The arrangement is working satisfactorily, and there is now a rush of applications from weavers for admission into weavers' societies. I am pursuing my attempts to secure for the societies a steady

supply of dyes and chemicals also. A co-operative dyeing factory was opened in Madura in May last and it has been supplying coloured yarn to some of the weavers' societies. Proposals to start similar factories in other centres like Salem are under consideration.

23. *Co-operative dairying—Co-operative milk-supply societies and their progress.*—The transactions of milk-supply societies and unions in the past three years are given in the following statement :—

Year.	Number of members.	Value of milk produced or purchased.	Value of milk or milk products sold.	Net profit.	Net loss.
Milk-supply societies.					
		RS.	RS.	RS.	RS.
1938–39	1,613	2,69,777	2,73,612	1,082	986
1939–40	3,082	3,79,020	3,89,779	2,984	1,168
1940–41	**4,199**	**6,12,106**	**6,44,129**	**5,127**	**2,609**
Milk-supply unions.					
1938–39	53	2,88,198	3,44,838	3,396	1,093
1939–40	118	3,91,346	4,73,348	5,800	1,890
1940–41	**292**	**5,77,171**	**6,88,650**	**8,385**	**5,949**

For the year 1941–42, of the twenty-four tenders put in by milk-supply societies and unions for the supply of milk to Government hospitals and jails, only nine were accepted. The rates tendered by most of the societies which did not secure the contracts were below the real market rates but they were not accepted as private contractors had quoted still lower rates. I have been impressing it on these institutions that they should try to increase the number of individual customers rather than mainly depend on these institutions for bulk orders to build up their business.

In connexion with the recommendations of the Imperial Council of Agricultural Research for improving dairy industry I had made, during the year, the following requests to Government :—

(i) Government or municipal poramboke lands which were centrally situated and were suitable for use as milking centres might be made available to milk supply societies.

(ii) Societies might be sanctioned the loan of premium bulls from Government cattle-farms.

(iii) Societies might be permitted to reclaim waste lands in the vicinity of villages and grow pasture on them.

(iv) Societies might be permitted to cut monsoon grass so that they might ensilage it for use in summer months.

(v) Municipal councils and district boards might be persuaded to construct sheds and rent them to milk-supply societies, as the Madura Municipality had done.

(vi) Inspection of the milch cattle by the officers of the Veterinary department might be arranged free of cost.

Government have recommended suggestions (i) and (v) above to municipal councils and district boards for adoption, as far as possible. They have also accepted in principle the third suggestion and the Board of Revenue has agreed to consider each case on its merits. I am awaiting the orders of Government on the remaining suggestions. I may also add that a scheme for the salvage of dry cows in Madras City and the surrounding villages is under consideration.

Butter and ghee supply union and societies.—There were in all one union and nine societies for the supply of ghee and butter, of which the union and six societies were in Kistna, two societies were in Coimbatore, and one society in East Godavari. Of the six societies in Kistna, one had not started work at the end of the year. The remaining societies supplied to the union, to which they were affiliated, butter for Rs. 5,430 and the union sold through the Provincial Marketing Society and otherwise butter and ghee worth Rs. 5,853. The societies in Coimbatore sold butter and ghee for Rs. 5,436, and the society in East Godavari ghee for Rs. 256.

24. *Insurance societies.*—There were three insurance societies at the end of the year. Their transactions are shown in the Imperial Statement E. The South India Co-operative Insurance Society issued during the year 1,745 policies for Rs. 17·42 lakhs and paid claims amounting to Rs. 41,988. At the end of the year 8,028 policies for Rs. 70·87 lakhs were in force. The amount in the life fund on 31st December 1940 stood at Rs. 7·24 lakhs. I may, in this connexion, mention that when the society was recently inspected it was found that the cost of its management was disproportionately high and that it was necessary to cut down its expenditure a great deal. I have taken up this and other matters with the society.

During the year, the Madras and Southern Mahratta Railway Employees' Co-operative Urban Bank was registered under the Insurance Act for the purpose of 'Fidelity Guarantee Insurance' business which it was doing.

25. *Land grant policy of the Government and colonization societies.*—The question of a complete revision of the policy regarding the assignment of lands and house-sites was under the consideration of Government from the year 1937 and they asked the Board of Revenue to see that all applications for such assignments were kept undisposed of, pending a final decision in the subject. Government had found that a great deal of the land which in the past had been assigned to the landless soon found its way into the hands of rich and influential neighbours. During the year they have decided that the rules relating to the assignment of land should be such as would ensure that land is given to the really poor and is returned in their enjoyment, and they have ordered that in future assignments will be made not to individuals but to

groups of colonists formed into co-operative societies. Assignment will be made in compact blocks of 50 acres or more of valuable land or 100 acres or more of ordinary land, and each block will be assigned to one or more co-operative societies specially organized for the purpose. To start with, it is proposed that colonization schemes should be tried in the compact blocks of land available in the Tanjore and Kistna districts. A Special Deputy Collector has been appointed to carry out the establishment of colonies in these districts and then to extend operations to suitable areas in other districts. After the Revenue Officer has surveyed the lands selected for a colony, the selection of assignees, the allocation of the land and the starting and the initial running of the co-operative societies will be in the hands of a Co-operative Inspector, under the supervision of the Special Deputy Collector or Revenue Divisional Officer. Besides the schemes in Tanjore and Kistna, Government have provided in the budget for 1941-42 for similar schemes in four other areas. The Special Deputy Collector appointed under the scheme has commenced his work at Mannargudi, in the Tanjore district, and he has been given the assistance of a co-operative inspector.

There are at present six colonization societies, three in Salem and one each in North Arcot, South Arcot and Chingleput. The three societies in Salem are exclusively for ex-toddy tappers. They had a total membership of 307 and a paid-up share capital of Rs. 656. The total extent of land in the area is 1,502 acres, of which 1,209 acres are cultivable. During the year, 406 acres were cultivated by 152 colonists and the members earned a total net income of Rs. 1,727. The societies in North Arcot, South Arcot, and Chingleput did not do anything tangible.

26. *Special types of societies*—(i) *Societies for the scheduled castes.*—The transactions of the societies specially formed for Adi-Dravidas, Adi-Andhras, Fishermen, Kallars and other scheduled castes are shown in the following statement :—

Particulars.	Societies under the co-operative department.	Kallar societies under the special police officers.	Societies under the Fisheries department.
Number of societies	2,163	262	54
Number of members ..	93,230	11,723	2,117
	RS.	RS.	RS.
Paid-up share capital ..	6,82,846	68,901	33,662
Deposits from members ..	66,348	190	2,026
Loans from Central Banks ..	9,19,007	2,899	14,553
Loans from Government ..	1,97,735	91,862	956
Reserve fund	4,44,218	1,53,180	27,949
Other funds	1,27,893	..	..
Working capital	24,38,047	3,17,032	79,146
Divisible profits	36,330	14,400	1,408
Loss	2,21,904	12,753	5,241

At the end of the year, Rs. 81,856 under principal and Rs. 17,648 under interest were overdue to Government from the scheduled castes' societies and Rs. 27,488 under principal and Rs. 10,190 under interest were overdue from the societies for

Kallars in charge of this department. The societies in charge of the special Police officers were in arrears to Government to the extent of Rs. 20,087. The overdues in respect of loans due to the Christian Central Bank under liquidation and to other central banks were Rs. 1·76 lakhs under principal and Rs. 0·41 lakh under interest. The heavy arrears in societies persist in spite of all efforts to reduce them. Several factors, such as poverty of the members, lack of employment, etc., continue to contribute to this result. I am keeping a close watch over the work of the scheduled castes' societies' inspectors and reviewing the progress in recoveries made by them. As a measure of economy the number of these inspectors has recently been reduced. Previously, there was one inspector for every 25 societies, but each inspector is now placed in charge of 30 societies.

At the time of the cancellation of registration of the Madras Christian Co-operative Central Bank 1,243 scheduled castes' societies were affiliated to it. Of these, 110 have since been liquidated, 335 have been affiliated to the local central banks and the remaining 798 have yet to be affiliated. I am closely watching the progress made in this respect and hope that in the near future all societies which are financially fit to continue their existence will be affiliated to the local central banks.

(ii) *Sugar-cane growers' societies.*—The Sugar Excise Subsidy scheme for helping sugar-cane growers was in operation in the Vizagapatam, Kistna, East Godavari, Bellary, Coimbatore and Trichinopoly districts in the year 1940–41. The Vuyyur Sugar-cane Growers' Union in the Kistna district, with a membership of 746, issued loans to members for Rs. 71,422 and distributed to them manure worth Rs. 42,490. The union has been acting as a feeder society to the Vuyyur Co-operative Agricultural, Industrial and Credit Society. This society worked its factory for 129 days in the year and produced 8,954 tons of sugar at a cost of Rs. 23·61 lakhs, as against 77 days, 4,505 tons and Rs. 10·34 lakhs, respectively in 1939–40. It sold sugar for Rs. 17·17 lakhs and had stock on hand, valued at Rs. 6·43 lakhs. The directors of the society have proposed to sell the factory as a going concern and the general body has agreed to the proposal. Its survival as a co-operative society is, therefore, problematical. The Hospet Sugar-cane Growers' Society in Bellary sold to the India Sugars and Refineries, Limited, cane worth Rs. 90,419. As the affairs of the society were not being managed properly, I have recently superseded its committee under section 43 of the Act. The Coimbatore Sugar-cane Growers' Union issued crop loans to members to the extent of Rs. 5,755, besides supplying them with manure. It also marketed about 7,000 tons of sugar-cane and 1,500 pounds of jaggery. The Coimbatore Sugar Manufacturing Society which was started in September 1940 did not do any work during the year. Recently, however, it has purchased a sugar factory at Podanur at a cost of Rs. 1,35,000 and is now devoting its attention to the collection of the necessary share-capital for meeting this expenditure. The

four sugar-cane growers' societies in the Vizagapatam district were supplying the sugar-cane produced by members to the sugar factories in the vicinity. The societies had a total membership of 2,309 and borrowed Rs. 79,536 during the year. The loans due from members at the end of the year amounted to Rs. 28,546. The Etikopaka and Sri Ramakrishna Co-operative Agricultural and Industrial societies manufactured 780 and 846 tons of sugar at a cost of Rs. 2,26,468 and Rs. 2,89,812 respectively. The former worked at a net loss of Rs. 67,998 while the latter earned a net profit of Rs. 31,350. I may, in this connection, state that the Sri Ramakrishna Society was working at a loss so long as it was confining its business to the manufacture of sugar; it was only after the erection of a distillery in 1938–39, as an adjunct to the factory, that it could meet its obligations to the central bank and work at a profit. The Etikopaka Society is now trying to secure a distillery licence for 1942–43. The Vizagapatam Sugars and Refineries, Limited, however, paid off the amount due to the Central Bank by the Sri Ramakrishna Society, and has taken over the factory of the society, which has resolved on voluntary liquidation.

(iii) *Fruit Growers Societies.*—There were 16 societies of this type at the end of the year, of which the Kodur Fruit Growers' Society in Cuddapah was the most prominent. This society had 306 members. During the year, it exported the produce of its members, chiefly oranges, limes, mangoes, melons and betel-leaves, to the extent of Rs. 1,63,408 and earned a commission of Rs. 7,230. For arranging the sale of fruits it had paid agents at Anantapur, Hindupur, Hyderabad and Bangalore. A large quantity of fruits was also sold through the Provincial Marketing Society, Madras. The Chittoor Mango Growers' Society, the Palacole Fruit Growers' Society in East Godavari, the South Kanara Fruit Growers' Marketing Society and the North Malabar Fruit Growers' Society did some work. The rest did not do anything tangible.

(iv) *Consolidation of holdings societies.*—There were altogether 26 societies of this type in 13 districts. The total extent of land consolidated by these societies was only 1,212 acres, of which 585 acres were in North Arcot, 290 acres in Trichinopoly, 204 acres in West Godavari, and 107 acres in Anantapur. A special staff of inspectors recruited from the Revenue Department was working in six districts, but as the work turned out by some of them was very poor I have withdrawn the inspectors from three districts; at present the staff is working only in Anantapur, West Godavari and Trichinopoly. My Deputy Registrars at a recent conference were unanimously of the view that there was no need, or future, for consolidation in this Province.

(v) *Cattle-breeding societies.*—At the end of the year there were eight cattle-breeding societies, of which two did no work. The Anchetty Cattle Breeding Society in the Salem district had 280 members, who possessed about 3,000 head of cattle. It maintained 14 stud-bulls and got Rs. 1,261 from Government under

the premium scheme. The bulls rendered services in 749 cases, and 269 bulls and 312 heifers were born. The Forest department has given 28 acres of grazing land to the society and periodical inspection is made by the Veterinary department. With a view to watch how the breed in cattle improves under the scheme distinguishing names and numbers are allotted and the history sheet of every bull is sought to be maintained. Two societies in Madura and Guntur and one society in Kistna altogether maintained 7 stud-bulls which gave service in 323 cases. The bulls maintained by the societies in Madura and Kistna have been included in the premium scheme. It is too soon to say whether there has been any definite improvement in the strain of cattle as a result of the activities of these societies.

(vi) *Societies for cottage industries.*—An account is given below of such of the societies for cottage industries as have done appreciable work. The value of the articles sold by them is noted against each :—

Cheyyur Salt Licensees' Co-operative Society in Chingleput, Rs. 2·32 lakhs; Markanam Salt Licensees' Society in South Arcot, Rs. 9,533; Katpadi Egg Marketing Society in North Arcot, Rs. 3,836; Ongole Egg Marketing Society in Guntur, Rs. 2,966; Sivaganga Hand-pounded Rice Society in Ramnad, Rs. 2,963; Guntur Egg Production and Sale Society, Rs. 1,849; Tirupati Toy Makers' Society, in Chittoor, Rs. 1,704; Mudaliarpatti Mat Weavers' Society in Tinnevelly, Rs. 1,563; Kondapalli Toy Manufacturers' Society in Kistna, Rs. 1,528; Nachiarkoil Metal Workers' Co-operative Society in Tanjore, Rs. 1,182; Guntur Silpa Industrial Workshop, Rs. 1,146; Pasupathipalayam Hand-pounded Rice Production Society in Trichinopoly, Rs. 1,082; Santhapet Basket Makers' Co-operative Society in Chittoor, Rs. 1,016; Tirupati Bead and Rosary Makers' Co-operative Society in Chittoor, Rs. 975; Puthur Bee-keeping Society in South Kanara, Rs. 595; and Quilandy Artisans' Society in Malabar, Rs. 349. There were 21 Cottage Industries Societies exclusively for women. They did not do any work worth mentioning.

I may here refer to two schemes recently sanctioned by Government for the development of poultry farming at Katpadi in North Arcot and Krishnagiri in Salem. The scheme at Katpadi is worked jointly by the American Arcot Mission and the Co-operative Egg Marketing Society at Katpadi. It has been sanctioned for three years from 1st April 1941, and is progressing satisfactorily. The scheme at Krishnagiri provides for the formation and working of a Co-operative Egg Production and Marketing Society to purchase eggs from the villagers and find a profitable market for them in Madras or Bangalore, to supply the villagers with cockerels of good egg-laying strains and to start a model

poultry farm to raise pure-bred cockerels for distribution to the villagers. It will be put into operation as soon as the society is registered.

(vii) *Other non-credit societies.*—The following statement gives a summary of the transactions of some types of non-credit societies :—

Building Societies.

Year.	Number of members.	Loans from Government outstanding.	Number of houses completed. Up to the end of the year.	Number of houses completed. During the year.	Number of houses under construction.	Value of houses. Completed.	Value of houses. Under construction.	Net profit.	Net loss.
		RS. (IN LAKHS).				RS. (IN LAKHS).	RS. (IN LAKHS).	RS. (IN LAKHS).	RS. (IN LAKHS).
1938–39 ..	4,583	20·36	2,071	244	169	78·18	3·58	0·55	0·08
1939–40 ..	4,647	21·67	2,199	194	104	80·16	2·46	0·83	0·08
1940–41 ..	4,492	18·47	2,346	465	487	85·36	1·34	0·70	0·07

Labour Contract Societies.

Year.	Number of members. Workers.	Number of members. Helpers.	Value of work executed during the year.	Pending execution at the end of the year.	Wages paid or income derived by Members.	Wages paid or income derived by Non-members.	Net income.
			RS.	RS.	RS.	RS.	RS.
1938–39 ..	1,416	163	1,00,320	58,698	28,219	12,381	4,537
1939–40 ..	1,317	184	1,27,938	27,536	26,404	11,957	6,063
1940–41 ..	1,526	231	95,662	48,180	18,041	9,707	5,519

Printing Societies.

Year.	Outside borrowings.	Value of business done.	Working expenses.	Net profit.
	RS.	RS.	RS.	RS.
1938–39	7,350	55,498	11,541	6,396
1939–40	9,200	61,589	13,947	7,045
1940–41	8,351	64,436	13,781	5,241

Societies for scheduled castes for joint or individual cultivation by members or for obtaining house sites.

Year.	Number of members.	Extent of land in the enjoyment of members.	Number of houses in the enjoyment of members.	Loans outstanding at the end of the year.
		ACS.		RS.
1938–39	41,555	34,030	9,850	6,15,561
1939–40	38,653	32,935	10,969	5,83,502
1940–41	33,072	35,245	10,958	5,75,822

Irrigation Societies.

Year.	Number of members.	Paid-up share capital.	Area brought under cultivation.	Number of persons benefited. Members.	Number of persons benefited. Non-members.
		RS.	ACS.		
1938–39	1,114	4,403	6,511	700	212
1939–40	1,279	4,554	7,329	985	579
1940–41	1,352	4,740	8,758	681	181

Section V—Overhaul and improvement.

27. (i) *Rectification work.*—The scheme for the overhaul and improvement of co-operative societies was continued. Special emphasis was laid during the year on repeated visits to 'deficit' societies, i.e., societies in which the assets were insufficient to meet their liabilities. The usual 'collection drive' was initiated much earlier during the year than in previous years and this had the desired effect; there was a further reduction in the percentage of overdues in a majority of the central banks. I have no faith in belated spurts of activity at the fag end of the year and am strongly of the opinion that there should be a sustained effort throughout the year. In fact, I am considering why co-operative loans also should not be collected in three or four instalments like the kist during and after the harvest season, as recommended by the recent conference of Deputy Registrars held in August 1941. Though departmental assistance was given for collection work as in the last few years, I made it clear to the District Officers that 'collection' should not take precedence over audit, an important statutory function, and that the auditors should not be disturbed for collection, if audit work was likely to suffer. The question whether it was desirable or proper for the department to exert itself for the recovery of overdues in societies, as has been the practice during the last few years, was also discussed by me with the Deputy Registrars, and it was decided that the central banks should be told that the departmental staff would in future confine itself to purely statutory work and general advice and guidance and that the banks should themselves arrange for collection work. It was also decided that any bank which preferred to have the work done through the department should place its supervisory staff directly under the control of the Deputy Registrar from January to June or at least during the 'collection season.'

The following figures indicate the progress made by the central banks in the examination of loans in societies up to the end of the year:—

(1) Number of societies in which examination was conducted	6,431
	RS. (IN LAKHS).
(2) Total amount of loans, including interest involved in them	188·73
(3) Of the above sum the amount which stands on adequate security	149·42
(4) The amount which stands on inadequate security.	39·31
(5) Of the sum in (4)—	
(a) the amount for which additional securities were taken during the year	1·91
(b) the amount collected during the year	2·62
(6) Balance ill-secured	34·78
(7) Estimated bad debts in societies	26·22

	RS. (IN LAKHS).
(8) Of this, the amount that will affect the central banks	7·92
(9) Amount of loans collected during rectification work	21·47

Of the total loans amounting to Rs. 39·31 lakhs which were considered doubtful of recovery, the central banks recovered during the year loans amounting to Rs. 2·62 lakhs and obtained additional securities for loans amounting to Rs. 1·91 lakhs. The loans recovered and secured amounted to 11·5 per cent of the total ill-secured loans, as against 11·7 per cent in the previous year. Central banks should take steps to accelerate progress in this direction. The total bad and doubtful debts of central banks inclusive of loans due from societies under liquidation were estimated at Rs. 38·63 lakhs. The bad debt reserves of the banks amounted to Rs. 19·47 lakhs while their reserve fund amounted to Rs. 35·51 lakhs.

Mention should be made here of the special steps taken in the Chingleput district. In the last year's report, I had stated that a special scheme of rectification including the disposal of lands in the possession of societies had been launched in the area of the Conjeeveram Central Bank and that the bank had taken the loan of the services of five junior inspectors to work it. The scheme contemplated a thorough overhaul of all the societies indebted to the central bank, involving the examination of the condition of each society in detail, the collection of loans where possible, the disposal of landed properties, the writing off of irrecoverable loans where necessary, and in the case of loans which could not be immediately repaid by the members, the obtaining of additional security and the extension of the period of repayment. In order that action could be taken at once in all the indebted societies, they were distributed among the supervisors at about 20 each. The services of the junior inspectors lent to the bank were utilized to co-ordinate and control the work of the supervisors. The Co-operative Sub-Registrar of the district was placed in charge of the rectification work and he controlled the inspectors. This official 'drive' initiated in the district has brought about a general improvement in the condition of the central bank. The collections rose from Rs. 3·91 lakhs in the previous year to Rs. 5·38 lakhs during the year, with the result that the percentage of overdues fell by as much as 10 per cent. The loan transactions also improved and a good beginning was made in the disposal of bought-in-real property, the properties sold during the year being 223·29 acres of wet and 85·99 acres of dry lands and 44 houses worth Rs. 51,150. Having regard to the fact that only the preliminary work could be done in most of the societies, the results achieved must be said to be substantial. The scheme is being continued during the present year. The junior inspectors lent to the bank have been withdrawn as the

preliminary work has been completed in practically all the indebted societies, and the bank has taken instead the loan of the services of a Co-operative Sub-Registrar to guide the supervisors in the further action to be pursued by them in the societies.

A similar scheme will be introduced in the Anantapur district shortly. To ensure its successful working, the bank has constituted, with effect from 1st March 1941, a special committee of 5 persons approved by the Registrar, in the place of the Board of Management, by enacting a transitory by-law for the purpose. The Cuddapah District Bank has also constituted a special committee to carry out an intensive scheme of rectification work in its area. These banks will be given subsidies by the Madras Provincial Co-operative Bank to employ the necessary staff of inspectors and supervisors to work the scheme. It is hoped that the special committees constituted by the central banks will be in a position to take a more active interest in the scheme of overhaul which is necessary to pull up the movement in their areas. Similar proposals are also under the consideration of the central banks at Kurnool and Calicut.

The special schemes of rectification work started last year in the areas of the central banks at Cuddalore, Srivilliputtur and Chicacole were continued except for a slight alteration in the system of supervision through 'group clerks' in the case of the Srivilliputtur Co-operative Banking Union. The change-over has not, however, done much good and the question of the future management of the bank is engaging my attention.

(ii) *Classification of societies.*—The classification of credit societies according to their general working during 1937–38, 1938–39 and 1939–40 is given below :—

	1937-38.	1938-39.	1939-40.
A. Thoroughly good societies	298	307	351
B. Societies with some defaulters and some mistakes in accounts.	1,564	1,717	1,774
C. All other societies that do not come under class D.	8,044	8,388	8,601
D. Bad societies which probably may have to be liquidated should they fail to come under class C within two years.	1,726	1,600	1,651
	11,632	12,012	12,377

It is satisfactory that during 1939–40 there was a tangible increase (14 per cent) in the number of 'A' class societies. There was an increase in the other classes of societies also, but the percentage of increase was almost the same as that in respect of the total number of credit societies in the province. The noticeable increase in the number of 'A' class societies may, to some extent, be the result of the intensive schemes that have been in operation for some time for the training of the panchayatdars and members of societies in the principles of co-operation, and especially of the training given by the Educational Inspectors of the Department. It is, however, regrettable that a large number of societies are continuing, from year to year, in class 'D,' in spite of the fact

that every year many societies are liquidated. At the last conference of Deputy Registrars it was suggested that for reviving moribund or dormant societies attempts should be made to admit more members, that a rule should be framed to empower the Registrar to place bad societies under the charge of managers appointed under by-law 62, where the general body would not agree to that course, and that the services of Inspectors posted on a territorial basis where the scheme was in force should be utilized in intensive action for remedying the defects found in the working of the societies. I am taking steps in the directions suggested and I hope that as a result of this and the intensive schemes of overhaul of societies and co-operative education that are in progress, there will be a considerable fall in the number of dormant societies, in the near future.

The classification of societies audited up to the 10th October 1941 is given in Appendix 4, Section II.

Section VI.—Supervision.

28. *Supervision.*—For purposes of supervision, primary societies were grouped as follows :—

Affiliated to local supervising unions	8,781
Affiliated to central banks	2,010
Under the Fisheries department	54
Under the Special Police Officer for Kallars ..	262

Much the larger number of societies continued to be under the supervision of supervising unions, which numbered 249 at the end of the year. District central banks continued to co-ordinate the activities of the unions, appointing supervisors and controlling their work. Rs. 1·42 lakhs were collected from societies towards the supervision funds, and central banks according to their by-laws paid into the funds a sum of Rs. 1·39 lakhs. In addition to this, central banks also contributed Rs. 1·30 lakhs. Including the sum available at the beginning of the year, the total amount pooled for purposes of supervision was Rs. 4·55 lakhs, of which Rs. 4·14 lakhs were spent during the year.

A District Federation has been started during the year at Madras for the supervision of the societies in the City. The federation is arranging for the supervision of the societies through the two departmental Inspectors who are in charge of scheduled classes societies and through a few social workers who are interested in the movement.

Section VII.—General.

29. During 1940–41, three meetings of the Provincial Marketing Board, one meeting of the Board of Industries, and one of the Provincial Live-Stock Improvement Board were held. I attended all the meetings except two meetings of the Provincial Marketing Board, which the Joint Registrar attended. The Ceded Districts Economic Development Board, of which also I am a member, was constituted in March 1941, but no meeting was held during 1940–41.

Section VIII.

30. *The Acts and the Rules.*—During the year there were no amendments to the Madras Co-operative Societies Act or the Madras Land Mortgage Banks Act.

Rules Nos. V-A, VII, XI, XII, XIII-B, XIV, XV, XXVII and XXX, issued under the Madras Co-operative Societies Act, were amended during the year. The more important changes have been referred to in Part I of this report. Some of these measures of reform have been long overdue and I am grateful to Government for introducing them.

PART III.

ADMINISTRATION.

31. *Organization of the department.*—The strength of the establishment on 30th June 1941 was as follows :—

Registrar	1	Lecturers, Central Co-operative Institute	2
Joint Registrar	1	Dairy Expert	1
Deputy Registrars on general duty	19	Senior Inspectors	92
Deputy Registrars for land mortgage banks	3	Junior Inspectors	731
Personal Assistant to the Registrar	1	Routine clerks	120
Assistant Registrars	4	Typists	3
Co-operative Sub-Registrars ..	62	Attender	1
Principal, Central Co-operative Institute	1	Daffadar	1
		Peons	360

I held the post of the Registrar throughout the year. I toured for 170 days and inspected 352 societies of all types, some of them more than once. During my tours, I was keeping myself in close touch with unofficial opinion, with the financial position of the Central Banks, and with problems relating to the revival of unions and dormant societies.

In December 1940, I attended the conference of the representatives of the Provincial Governments, Mill-owners' Associations, Handloom Weavers and Cotton interests, held under the auspices of the Commerce Department of the Government of India. At the Conference, I represented the Madras Handloom Weavers' Provincial Co-operative Society. Before returning to Madras, I visited Bombay to study the work of the Agricultural Credit Department of the Reserve Bank of India. At the request of the Pudukkottai Darbar, I visited that State in April 1941, and presided over the co-operative conference held under the auspices of the Pudukkottai Co-operative Central Bank. During my stay there, I also had informal discussions with representative co-operators on the condition of the movement in the State.

Sri Rao Bahadur M. Giriappa held the post of Joint Registrar from the beginning of the year till 10th November 1940, when he went on leave preparatory to retirement. Sri Rao Sahib K. Rangaswami Nayudu has been acting as Joint Registrar from 11th

November 1940. Mr. R. Galletti, I.C.S., who had been deputed for training in this department for one year as Additional Joint Registrar, left the department on 12th September 1940 after completing his training.

The nineteen Deputy Registrars on general duty toured altogether for 3,806 days in the year; that meant, on an average, that each officer was on tour for 200 days. In most of the districts they occasionally toured and inspected societies jointly with the officers of the Agricultural Department and this arrangement proved useful in developing seed multiplication and other agricultural improvement schemes through co-operative institutions. The Deputy Registrars inspected 3,158 societies, of which 525 were bad ones. They attended 604 meetings, including 247 meetings of Central Banks and 57 of unions. They organized 131 special types of societies and registered 436 societies of all classes.

The four Assistant Registrars who were in charge of the districts of Bellary, Kurnool, Nellore and West Godavari, for which there were no separate Deputy Registrars, toured altogether for 818 days, inspected 586 societies, and attended 110 meetings of societies. I have recently reported to Government that, for the proper development of co-operative activities in these four districts, and also in Ramnad which is in the charge of the Deputy Registrar of Madura, there should be a separate Deputy Registrar for each of them. I have also suggested that the Nilgiris district, which is now in the charge of the Deputy Registrar of Coimbatore, should be placed in charge of an Assistant Registrar.

Three Deputy Registrars worked as Special Development Officers in Salem, North Arcot and Cuddapah-Chittoor. Government have recently ordered that no Deputy Registrar should be allowed to work as Special Development Officer for more than three years at a time.

In my last report I referred to the territorial scheme that was being tried as an experiment in two centres in each of the districts of Madura, East Godavari, Salem and Chittoor, and stated that I was examining the question of a further trial in a slightly modified form, which would leave the independence and thoroughness of audit unimpaired. After a full examination of the question I was convinced that the advantages of posting inspectors on a territorial basis far out-weighed any possible administrative difficulties in the system; and on my recommendation Government have ordered that the scheme should be introduced in the districts of Madura, Ramnad, Guntur, Cuddapah, Anantapur, Tanjore, Malabar, Bellary and East Godavari. Under the new arrangement, audit is separated from administration and entrusted to a separate audit staff, while the remaining items of work, except supervision of non-credit and other special types of societies other than weavers' societies, are entrusted to Inspectors distributed on a territorial basis, each Inspector being placed in charge of about 40 societies. The scheme has been introduced with effect from 1st May 1941.

I have issued instructions to Deputy Registrars that the services of Territorial Inspectors should be utilized for the revival of unions and moribund societies, that the Inspectors should visit societies jointly with union supervisors and take suitable action to remedy the defects noticed in their working and that they should be present at the governing body meetings of unions when loan applications are recommended to Central Banks. My idea is that these Inspectors should form the link between officials and unofficials at the base of the movement.

I may here refer to the fact that a large proportion of the staff in the department has been continued from year to year on a temporary basis for a long time. About 50 per cent of the total number of posts of Co-operative Sub-Registrars, Senior Inspectors, and Junior Inspectors are now temporary, and some of these officers have been holding temporary posts from as long back as 1926. I need hardly say that the continuance on a temporary basis of such a large proportion of the staff does not ensure contentment and tells on their efficiency. I have not so far pressed for the conversion of these posts into permanent ones, as I expected that the report of the Committee on Co-operation might lead to some readjustment of the existing staff. Now that the report has been examined and Government have also passed orders on the several recommendations of the Committee, I shall shortly be approaching Government to convert a reasonable number of temporary posts into permanent ones.

32. *Services rendered by the officers of the department*—(*a*) *Audit.*—Excluding the 25 societies affiliated to the audit union at Madura and four societies in the City of Madras, which were audited by certified auditors authorized by the Registrar, the audit of all the societies for the year 1939–40 in the Province was done by Departmental Inspectors. Audit certificates were issued in all cases except 15. Summaries of defects were also issued to the societies as usual.

In my last report I explained the need for an increase in the audit staff to audit the large number of societies started in recent years. After the close of the year under review, Government have been pleased to sanction 21 additional posts of Junior Inspectors for audit. In addition to this staff, Government have also sanctioned four additional Junior Inspectors for the concurrent audit of societies which are liable to pay audit fees and three Senior Inspectors under Fundamental Rule 127 for the audit of the Trichinopoly, Salem and Coimbatore Central Banks.

There were three audit unions at the end of the year. I have since cancelled their registration as I found that there was no need for their continuance.

A sum of Rs. 88,720 was levied as audit fees for the year 1939–40. Representations have been received from certain types of societies that they were unable to pay the audit fees levied on

them. Government have recently passed orders permitting me to grant remissions in deserving cases up to a limit of 2½ per cent of the fees realized. They have also ordered that marketing (sale societies) and handloom weavers' societies should be exempted from the payment of audit fees for the first three years from the date of their starting. The question whether any special treatment is necessary in the case of societies which have a very large number of very small transactions (e.g., stores) is under consideration.

(b) *Arbitration*.—During the year 1940–41, 23,749 references were filed, against 23,045 in the previous year. The claims in 2,466 references were satisfied before they were decreed, and awards were passed in 19,059 cases, leaving 6,018 claims pending on 30th June 1941. As in previous years, the honorary arbitrators disposed of a large number of references.

I had referred in my report for 1939–40, to the fact that references under section 51 (1) (c) of the Madras Co-operative Societies Act VI of 1932 against office-bearers, who, by their wilful negligence, etc., had caused loss to societies, were permitted to be tried by Deputy Registrars, subject to the condition that they should obtain the previous sanction of the Registrar before entertaining any reference. During 1940–41, I sanctioned the entertainment of 25 such references by Deputy Registrars.

Two hundred and seventy civil suits were filed by societies during the year. Including the civil suits pending on the last day of the previous year, the total was 497. Of these, 269 cases were either decreed or allowed to be withdrawn during the year, and 228 cases were pending on 30th June 1941. Including the decrees obtained during the previous year, societies held 1,721 decrees granted by civil courts. The amount involved in these cases was Rs. 1,12,076.

Execution of awards and decrees through the agency of the department under section 57-A of the Act continued to be popular. During 1940–41, 24,571 applications were received and 23,792 were disposed of. 19,779 applications were pending on 30th June 1941, the amount involved being Rs. 69,52,178. The expenditure to Government on account of execution work was fully covered by the income under execution fees. In my last report I had referred to the gradual increase in the average number of execution petitions disposed of by each Sale Officer since 1936. I am glad to report that even the standard of 400 execution petitions per Sale Officer has been bettered in 1940–41, the average being 404 execution petitions per Sale Officer.

(c) *Liquidation*.—The number of societies under liquidation decreased from 1,406 at the beginning of the year to 1,320 at the end.

Taking into account Rs. 11·11 lakhs written off, there was during the year a collection of Rs. 15·88 lakhs from liquidated societies, leaving at the end of the year a balance of Rs. 64·96

lakhs to be collected. Of the amount collected, Rs. 1·16 lakhs represented collections by enforcing unlimited liability. The liabilities to be discharged at the end of the year amounted to Rs. 53·92 lakhs. During the year, the liquidators disposed of immovable properties for Rs. 37,120. The surplus funds of 54 liquidated societies, amounting in all to Rs. 29,724, were utilized for various public purposes, including Rs. 11,320 contributed to His Excellency the Governor's War Fund.

(*d*) *Criminal prosecutions.*—Thirty-six cases of fraud involving Rs. 53,025 were reported during the year. In 19 cases, the prosecution of the delinquents was sanctioned; in the remaining 17 cases, it was considered that a prosecution would not stand. In respect of the cases where a prosecution was launched, 3 ended in conviction, 1 in acquittal, and the rest had not been decided at the close of the year. Forty-eight persons are involved in these cases, of whom 30 were honorary officers and 18 paid employees, including supervisors and managers appointed under by-law 62 (2).

Of the cases launched in previous years, 31 were pending at the beginning of the year. Of these, 17 were disposed of during the year, 10 ending in conviction and 7 in acquittal.

(*e*) *Supersession.*—The Committees of ten societies were superseded during the year. The normal constitution was restored in two cases and the registration of three societies was cancelled. Eighteen societies including one Central Bank were under supersession at the end of the year. The total assets to be collected in the societies, other than the Central Bank, on the date of their supersession were Rs. 8·84 lahks under principal and Rs. 0·87 lakh under interest. Before the end of the year, Rs. 3·03 lakhs under principal and Rs. 0·68 lakh under interest had been collected.

(*f*) *Officers in foreign service.*—There were 55 officers of the department who were in foreign service at the end of the year. Of these, 12 were Co-operative Sub-Registrars, 7 were Senior Inspectors and 36 Junior Inspectors. They were employed by 10 Central Banks, 15 urban banks, 9 weavers' societies and 21 other institutions.

33. *Training of Departmental Officers.*—The scheme of training departmental officers, outlined in G.O. No. 1409, Development, dated 19th August 1936, which was put into operation in 1936–37, was, with some modifications, continued in 1940–41 also.

In my last report, I had referred to the scheme of training Deputy Registrars in joint stock banking. During 1940–41, 12 more Deputy Registrars were trained in two batches of six each, and the department has now no fewer than 24 Deputy Registrars who have received this very necessary training.

The theoretical training in the Central Co-operative Institute of the last batch of Junior Inspectors was completed in December 1939. Since then there has been no recruitment of Junior Inspectors.

As in the previous years, 5 Senior Inspectors and 5 Junior Inspectors, along with the office-bearers and employees of certain non-credit societies, were trained in non-credit work for a period of two months in the Central Co-operative Institute, Madras. As co-operative dairying is becoming an important non-credit activity in the districts, it was considered that the candidates should be given special training on the subject. This was arranged through the Dairy Expert of the Department, who conducted special classes for this purpose. Refresher courses for departmental inspectors were conducted for a week in June and July 1940 and in January 1941 in all districts.

The details regarding the proposed College of Co-operation at Madras are under the consideration of Government.

34. *Grants-in-aid to Societies.*—Co-operative societies were given assistance by Government as shown below :—

Serial number.	Name or type of institution to which assistance was given.	Nature of assistance given.	Amount.
			RS.
1	25 sale societies	Free grant up to the end of the year for the construction of godowns at the rate of 25 per cent of their cost	67,760
2	24 credit societies	Do.	18,812
3	25 sale societies	Loans up to the end of the year for the construction of godowns ..	2,14,291
4	10 sale societies	Services of departmental Inspectors to attend to their day-to-day work. The societies contributed 50 per cent of their cost	..
5	37 smaller sale societies ..	Subsidies for meeting 50 per cent of the cost of the staff maintained by them	5,715
6	Puthur Taluk Bee-keeping, Honey Production and Sale society (South Kanara district).	Free grant under the State Aid to Industries Act for improving the Bee-keeping industry by conducting propaganda work	100
7	Sugarcane Growers' Societies and unions.	Subsidy under the sugar-excise subsidy scheme	20,300
8	Madras Handloom Weavers' Provincial Co-operative Society, limited.	Subsidy under the Government of India subvention scheme for the handloom industry	99,702
9	The Madras Provincial Co-operative Marketing Society.	Free services of 1 Co-operative Sub-Registrar, 1 Senior Inspector, 2 clerks and 2 peons	..
10	Three Cattle-breeding Societies in the Madura and Salem districts.	Grants for the maintenance of stud bulls, for purchase of dairy implements, etc.	2,145
11	Societies for Scheduled Castes.	Grants for payment of remuneration to persons who write their accounts	3,000
12	Societies which worked at a loss.	Subsidies for the purchase of stamp paper for obtaining certificates of sale in the course of execution proceedings	901

35. *Cost of working.*—The total expenditure incurred on the department amounted to Rs. 14·414 lakhs, as shown below:—

	RS. (IN LAKHS.)
Pay of Registrar	0·300
,, Additional Joint Registrar	0·050
,, Joint Registrar	0·102
,, Officers	1·140
,, Establishment	8·390
Allowances	2·620
Contingencies	0·779
Grants-in-aid	0·304
Co-operative training and education	0·729
	14·414

Receipts during the year amounted to Rs. 4·224 lakhs; thus the net cost to Government in respect of the department was Rs. 10·19 lakhs, or less than 0·006 of the total provincial expenditure for 1940–41 (Rs. 17·55 crores).

36. *General.*—The sub-committee appointed by the Board of Economic Enquiry, Bengal, to study the working of co-operative societies which warehouse the produce of their members, toured this Province in February 1941 and visited some important sale societies. In March 1941, the Fact-Finding Committee (Handloom and Mills) of the Government of India visited several weavers' societies in the Province. Among the other visitors to the Province were the Assistant Marketing Officer to the Government of India and the Assistant Registrar of Co-operative Societies, Ceylon.

Government were pleased to confer the title of Rao Sahib on Sri K. Rangaswami Nayudu, Joint Registrar of Co-operative Societies.

The relations with other departments continued to be cordial.

APPENDICES

APPENDIX No. 1.—*General Summary of Progress of*

SECTION I—WORKING CAPITAL

—	The Madras Provincial Co-operative Bank. (1)	The Madras Co-operative Central Land Mortgage Bank (1).	Central Banks (30).	Societies affiliated to unions (263) (c).	Agricultural societies.		
					Land mortgage banks (119).	Credit societies (other than land mortgage banks) (10,993)(d)	Societies for purposes, other than credit (746) (e).
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Share capital	6,66,500	9,35,100	49,71,192	..	17,15,892	54,30,440	8,68,609
Deposits from members ..	(a) 1,58,43,052	..	(a) 2,28,37,202	..	..	7,99,858	9,39,550
Loans from other societies ..	83,03,358	3,91,856	2,49,97,362	..	2,42,04,583	2,68,09,629	1,02,46,244
Loans and deposits of— Non-members (individuals).	..	(b) 2,44,26,977	..	..	1,30,083	15,87,848	48,756
Loans from Government ..	..	10,00,000	..	..	..	2,75,004	1,94,558
Reserve fund	19,00,000	2,93,003	35,51,363	..	2,48,476	81,45,507	1,91,992
Other funds	12,31,767	3,03,241	31,52,737	..	40,246	23,52,128	2,22,876
Total working capital on 30th June 1941	2,79,44,677	2,73,50,177	5,95,09,856	4,71,11,759	2,63,39,283	4,54,00,414	1,27,12,585
Total working capital on 30th June 1940	2,64,91,174	2,40,98,113	5,80,29,935	5,25,67,230	2,38,92,873	4,75,33,501	99,28,905
Divisible profits	2,53,399	2,41,409	3,60 861	..	1,60,263	5,02,757	2,21,142
Loss un-recouped	..	..	902	..	20,093	20,21,719	81,578
Reserve fund including additions to be made as per account of 1940–41 ..	19,63,350	3,89,566	36,50,442	..	2,92,107	83,87,448	2,48,211
Value of goods purchased as owners	..	..	..	..	..	..	13,96,893
Value of goods purchased as agents	..	..	..	..	..	..	14,30,744
Value of goods sold as owners.	..	..	..	..	..	..	51,03,729
Value of goods sold as agents.	..	..	..	..	..	..	50,37,804

(a) Includes deposits of non-members, joint stock banks, local bodies, etc.
(b) Includes debentures.
(c) Excludes one District Federation not started; includes the Madras Provincial Co-operative Union, 6 Training Institutes, 2 Language Federations and 3 Audit unions.
(d) Excludes 65 societies not started.

SECTION II—DEMAND, COLLECTION AND BALANCE OF

1940–41.	Demand.				Collec	
	Central Banks.	Agricultural.	Non-agricultural.	Total.	Central Banks.	Agricultural.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	RS.	RS.	RS.	RS.	RS.	RS.
Principal including arrears ..	2,99,22,304	4,18,75,264	3,60,42,838	10,78,40,406	(a) 2,00,40,165	(b) 2,55,75,244
Interest due in previous years arrears interest.	2,09,487	40,78,711	10,95,977	53,84,175	1,03,572	10,24,780
Interest due in 1940 41 current interest.	20.00,108	30,69,397	24,43,245	84,12,750	18,79,773	28,75,111

(a) Includes an extension for Rs. 5,80,276. (b) Includes extension for Rs. 2,91,170.

Co-operative Societies in 1940-41.

OF SOCIETIES ON 30TH JUNE 1941.

Total of agricultural societies (9)	Non-agricultural societies. Urban Banks. (154). (10)	Employees' societies. (506). (11)	Other limited liability credit societies. (376) (*f*). (12)	Unlimited credit societies. (128) (*g*). (13)	Societies for purposes other than credit. (1,092) (*h*). (14)	Total of non-agricultural societies. (15)	Total for 1940-41. (16)	Total for 1939-40. (17)
RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
80,14,941	36,36,626	46,75,770	8,93,366	1,59,033	20,69,214	1,14,34,009	2,60,21,742	2,53,89,690
17,39,408	55,42,913	59,02,456	4,41,885	60,616	2,19,536	1,21,66,506	5,25,86,168	5,33,94,168
6,12,60,459	10,66,895	7,71,146	8,33,632	2,06,249	7,39,507	36,17,430	9,85,70,465	9,19,54,269
17,66,687	85,33,630	50,25,419	3,45,951	70,351	4,21,336	1,43,96,690	4,05,90,354	3,61,13,970
4,69,562	30,000	..	428	..	18,60,526	18,90,954	33,60,516	53,59,095
85,85,975	21,87,648	15,27,539	3,97,323	1,27,837	6,32,[illegible]97	48,73,044	1,92,03,385	1,84,85,369
26,15,250	9,28,004	4,32,407	1,44,244	63,272	17,93,857	33,61,784	1,06,64,779	97,05,489
8,44,52,282	2,19,24,817	1,83,34,737	30,56,832	6,87,358	77,36,673	5,17,40,417	25,09,97,409	..
8,13,55,279	4,30,60,967	..	..	..	73,66,582	5,04,27,549	..	24,04,02,050
8,84,162	3,15,980	3,21,658	43,901	13,048	3,13,057	10,07,644	27,47,475	22,54,074
21,23,390	57,072	13,227	43,897	21,376	1,89,907	3,25,479	24,49,771	25,57,141
89,27,766	22,67,648	16,03,705	4,08,581	1,33,465	7,01,182	50,17,581	1,99,48,705	1,91,20,358
13,96,893	..	..	..	..	63,27,896	63,27,896	77,24,789	49,34,293
								49,77,590
14,30,744	..	..	..	..	65,51,504	65,51,504	79,82,248	
51,03,729	..	..	..	..	14,68,785	14,68,785	65,72,514	79,37,436
50,37,804	..	..	..	..	15,27,700	15,27,700	65,65,504	70,85,651

(*e*) Excludes 18 societies not started.
(*f*) Excludes 6 societies not started.
(*g*) Excludes 1 society not started.
(*h*) Excludes 47 societies not started.
(*i*) Includes figures for all non-agricultural credit societies.

PRINCIPAL AND INTEREST DUE TO SOCIETIES IN 1940-41.

...ion. Non-agricultural. (8)	Total. (9)	Balance. Central Banks. (10)	Agricultural. (11)	Non-agricultural. (12)	Total. (13)	Percentage of balance to demand. Central Banks. (14)	Agricultural. (15)	Non-agricultural. (16)
RS.	RS.	RS.	RS.	RS.	RS.			
(*c*) 2,93,33,100	7,49,48,509	98,82,139	1,63,00,020	67,09,738	3,28,91,897	33·03	38·93	18·62
4,22,709	15,51,061	1,05,915	30,53,931	6,73,268	38,33,114	50·56	74·87	61·43
20,48,425	68,03,309	1,20,335	10,94,286	3,94,820	16,09,441	6·02	27·57	16·16

(*c*) Includes extension for Rs. 10,57,706.

APPENDIX No. 1—SECTION III—DEMAND, COLLECTION AND BALANCE OF PRINCIPAL AND INTEREST DUE TO SOCIETIES IN 1939-40.

1939-40.	Demand.				Collection.			
	Central Banks.	Agri-cultural.	Non-agri-cultural.	Total.	Central Banks.	Agri-cultural.	Non-agri-cultural.	Total.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Principal including arrears ..	2,97,37,563	4,16,88,188	3,51,67,062	10,65,92,813	(a) 1,91,63,139	(b) 2,47,71,193	(c) 2,82,34,669	7,21,69,001
Interest due in previous years.	2,33,295	43,26,449	11,02,932	56,62,676	1,19,525	10,62,467	4,37,409	16,19,401
Interest due in 1939-40 (current year).	19,33,398	38,75,748	24,76,291	82,85,377	17,97,074	27,46,106	20,35,567	65,78,747

1939-40.	Balance.				Percentage of balance to demand.		
	Central Banks	Agri-cultural.	Non-agricultural.	Total.	Central Banks.	Agri-cultural.	Non-agri-cultural.
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	RS.	RS.	RS.	RS.			
Principal including arrears ..	1,05,74,424	1,69,16,995	69,32,393	3,44,23,812	35·55	40·58	16·86
Interest due in previous years.	1,13,770	32,63,982	6,65,523	40,43,275	48·76	75·44	60·34
Interest due in 1939-40 (current year).	1,36,264	11,29,642	4,40,724	17,06,630	7·04	29·14	17·79

(*a*) Includes extension for Rs. 11,57,326. (*b*) Includes extension for Rs. 3,83,182. (*c*) Includes extension for Rs. 9,89,194.

APPENDIX No. 2

Synopsis of Loans in Agricultural and Non-Agricultural Societies (other than Central Banks and Land Mortgage Banks), 1939–40 and 1940–41.

APPENDIX NO. 2.—*Synopsis of Loans in Agricultural and Non-Agricultural* 1939-40

A.—LOANS ISSUED DURING THE YEAR CLASSIFIED ACCORDING TO (1) PURPOSE AND (2) VALUE.

Classification.	Agricultural, 1940-41.		Agricultural, 1939-40.		Non-Agricultural, 1940-41.		Non-Agricultural, 1939-40.	
	Amount.	Percentage.	Amount.	Percentage	Amount.	Percentage.	Amount.	Percentage.
	RS.		RS.		RS.		RS.	
(1) PURPOSE.								
For cultivation expenses.	1,07,27,924	37·99	75,26,018	28·94	4,70,275	1·59	4,44,966	1·46
For purchase of cattle ..	14,70,749	5·21	11,99,924	4·61	1,00,693	0·54	1,50,787	0·49
For payment of kist ..	39,70,384	14·06	34,21,774	13·16	1,35,447	0·46	1,11,522	0·37
For improvement of lands	7,91,661	2·80	19,34,498	7·44	2,57,892	0·87	2,22,404	0·73
For purchase of raw-materials	1,22,803	0·43	68,641	0·27	2,45,352	0·83	2,80,616	0·92
For trade	34,79,911	12·32	37,50,785	14·42	42,28,620	14·25	41,58,150	13·64
For education	27,493	0·10	45,492	0·17	4,56,835	1·54	4,49,231	1·47
For building, buying and repairing of houses ..	5,28,087	1·87	5,32,915	2·05	17,70,984	5·97	23,32,812	7·65
For manufacture and purchase of country carts	1,06,196	0·38	35,914	0·13	58,047	0·20	29,534	0·09
For purchase of lands ..	6,30,917	2·23	4,32,096	1·67	3,84,450	1·26	4,00,741	1·31
For purchase of food and necessaries of life ..	26,56,959	9·41	27,37,603	10·53	69,07,225	23·28	66,32,485	21·76
Total, Loans for productive purposes	2,45,13,084	86·80	2,16,85,660	83·39	1,50,75,820	50·79	1,52,13,248	49·89
For paying prior debts ..	35,22,924	12·48	39,82,696	15·32	97,29,209	32·78	1,03,49,186	33·95
For marriages	1,48,989	0·53	1,32,472	0·51	34,42,562	11·60	33,65,998	11·04
For other ceremonies ..	16,606	0·06	16,833	0·0[illegible]	4,79,954	1·62	5,84,094	1·91
For litigation and other non-productive purposes	38,572	0·13	1,86,653	0·72	9,52,949	3·21	9,77,340	3·21
Total, Loans for non-productive purposes ..	2,04,167	0·72	3,35,958	1·29	48,75,465	16·43	49,27,432	16·16
Grand total ..	2,82,40,175	100·00	2,60,04,314	100·00	2,96,80,494	100·00	3,04,89,866	100·00
(2) VALUE.								
Loans not exceeding Rs. 50	33,18,963	11·75	32,60,872	12·54	40,87,808	13·77	38,82,561	12·73
Loans exceeding Rs. 50, but not exceeding Rs. 100	30,50,120	10·81	30,19,312	11·61	44,27,173	14·92	43,41,078	14·24
Loans exceeding Rs. 100, but not exceeding Rs. 250	51,46,645	18·22	50,77,971	19·53	64,08,338	21·59	63,34,971	20·78
Loans exceeding Rs. 250.	1,67,24,447	59·22	1,46,46,159	56·32	1,47,57,175	49·72	1,59,31,256	52·25
Total ..	2,82,40,175	100·00	2,60,04,314	100·00	2,96,80,494	100·00	3,04,89,866	100·00

Societies (other than Central Banks and Land Mortgage Banks), and 1940-41.

Classification.	Agricultural, 1940-41.		Agricultural, 1939-40.		Non-Agricultural, 1940-41.		Non-Agricultural, 1939-40.	
	Amount.	Percentage.	Amount.	Percentage.	Amount.	Percentage.	Amount.	Percentage.
B.—LOANS OUTSTANDING AGAINST MEMBERS AT THE END OF THE YEAR CLASSIFIED ACCORDING TO (1) SECURITY AND (2) PERIOD.								
(1) SECURITY.	RS.		RS.		RS.		RS.	
1 Loans on security of deposits	74,238	0·17	84,609	0·20	16,00,092	4·23	16,03,728	4·16
2 Loans on pledge of movables—								
(*a*) Jewels	65,267	0·15	58,553	0·14	8,36,134	2·21	7,30,430	1·89
(*b*) Standing crops ..	2,05,310	0·48	2,71,396	0·65	4,662	0·01	97	..
(*c*) Produce and finished products.	1,07,54,030	25·26	70,79,995	16·84	1,35,334	0·36	1,04,986	0·27
Total, movables $(a+b+c)$	1,10,24,607	25·89	74,09,944	17·63	9,75,830	2·58	8,35,513	2·16
3 Loans on mortgage of immovable properties	1,63,65,177	38·43	1,76,81,298	42·15	1,22,68,075	32·44	1,34,43,632	34·86
4 Loans on the joint security of one or more members ..	1,49,47,822	35·11	1,64,48,126	39·21	2,20,90,285	58·42	2,16,50,163	56·17
5 Loans on simple bond of borrowers ..	1,69,119	0·40	3,43,264	0·81	8,80,864	2·33	10,04,461	2·65
Total (1) to (5) ..	4,25,80,963	100·00	4,19,37,241	100·00	3,78,15,146	100·00	3,85,37,497	100·00
(2) PERIOD.								
Loans not exceeding one year	2,31,49,758	54·37	2,00,06,083	47·70	99,44,578	26·30	98,61,200	25·59
Loans exceeding one year but not exceeding two years	16,35,830	3·84	19,25,385	4·57	75,22,393	19·89	72,64,775	18·85
Loans exceeding two years but not exceeding five years	1,37,72,532	32·34	1,57,29,413	37·56	1,54,04.622	40·73	1,59,13,763	41·29
Loans exceeding five years	40,22,843	9·45	42,76,360	10·17	49,43,553	13·08	54,97,759	14·27
Total ..	4,25,80,963	100·00	4,19,37,241	100·00	3,78,15,146	100·00	3,85,37,497	100·00

APPENDIX NO. 3—SECTION I (*a*).—*Demand, Balance and Percentage of Loans due by Land Mortgage Banks to the Madras Central Land Mortgage Bank and others*, 1940–41—Nil.

APPENDIX NO. 3—SECTION I (*b*).—*Demand, Balance and Percentage of Loans due by Agricultural Credit (excluding Land Mortgage Banks) and Non-Agricultural Credit Societies to Central Banks and others*, 1940–41.

District.	Principal.						Interest.		
	Long term.			Short term.					
	Demand.	Balance.	Percentage.	Demand.	Balance.	Percentage.	Demand.	Balance.	Percentage.
(1) *Agricultural Societies.*	RS.	RS.		RS.	RS.		RS.	RS.	
Anantapur	7,42,935	6,52,496	87·83	1,25,312	1,02,906	82·12	64,687	3,327	5·13
Arcot, North	9,20,994	6,27,701	68·15	2,23,171	83,715	37·51	90,925	8,934	9·83
Arcot, South	6,74,788	6,04,318	89·56	98,915	73,329	74·13	76,776	30,267	39·42
Bellary	5,09,036	4,45,155	87·45	2,10,417	1,01,431	48·20	56,011	17,769	31·72
Chingleput	11,51,760	9,56,538	83·05	2,49,568	19,125	7·66	1,13,732	36,577	32·16
Chittoor	3,11,909	2,61,690	83·90	48,358	23,498	48·59	33,741	7,150	21·17
Coimbatore	9,33,762	1,98,965	21·31	6,55,899	60,704	9·26	1,45,398	782	0·54
Cuddapah	2,85,869	2,47,545	86·59	74,171	41,399	55·82	45,245	24,913	55·06
Godavari, East	4,28,283	1,09,860	25·65	18,34,471	5,67,028	30·91	1,76,851	30,273	17·12
Godavari, West	2,14,406	1,25,531	58·46	13,08,559	3,82,526	29·23	1,10,848	27,082	24·43
Guntur	2,46,048	1,53,931	62·56	3,58,915	1,83,719	51·19	43,599	3,620	8·30
Kanara, South	1,18,956	13,285	11·17	7,60,184	44,842	5·90	48,530	4,953	10 21
Kistna	1,78,285	1,05,877	59·39	26,38,737	5,68,262	21·57	1,44,766	5,502	3·80
Kurnool	4,41,217	3,91,483	88·73	27,400	18,460	67·37	47,069	15,837	33·65
Madras	..	..	..	..	..	..	..	..	..
Madura	5,76,459	1,75,997	30·53	6,32,679	80,462	12·72	90,412	13,752	15·21
Malabar	2,80,726	1,93,408	68·89	1,15,666	86,329	74·63	42,849	13,470	31·44
Nellore	2,03,396	1,51,550	74·51	5,13,914	2,40,957	46·89	65,281	28,157	43·13
Nilgiris	1,35,418	48,324	35·69	1,03,662	12,942	12·49	13,767	90	0·65
Ramnad	3,38,325	2,35,673	69·67	1,93,236	86,210	44·61	45,261	13,612	30·07
Salem	8,95,026	47,496	5·42	9,95,378	10,899	1·09	1,36,126	1,237	0·91
Tanjore	9,10,644	6,02,833	66·20	3,22,525	47,508	15·55	1,27,098	47,629	37·47
Tinnevelly	1,23,185	32,708	26·55	4,95,028	37,945	7·67	41,326	761	1·84
Trichinopoly	7,78,318	2,25,368	28·96	6,05,309	12,820	2·12	1,19,848	10,478	8·74
Vizagapatam	1,88,242	1,11,574	59·27	10,30,185	5,52,065	53·59	93,716	25,115	26·95
Total ..	1,15,87,987	67,19,106	57·90	1,36,21,659	34,41,731	28·42	19,73,850	3,71,287	18·81

(2) Non-Agricultural Societies.

Anantapur	2,49,463	2,456	0·98	3,32,004	31	0·01	27,690	1,002	3·62
Arcot, North	2,47,966	4,955	2·00	14,53,400	3,438	0·24	34,048	1,093	3·21
Arcot, South	3,68,080	6,144	1·67	6,17,267	4,521	0·73	27,168	4,220	15·53
Bellary	57,926	3,192	5·51	3,44,538	1,761	0·51	11,339	560	4·94
Chingleput	6,53,136	16,749	2·56	2,67,616	300	0·11	37,283	639	1·71
Chittoor	21,180	10,121	47·79	19,18,783	11,687	0·61	24,045	7,565	31·46
Coimbatore	3,16,654	12,946	4·09	34,55,386	275	0·01	60,894	265	0·44
Cuddapah	71,483	17,190	24·05	6,25,164	14,561	2·33	14,134	3,145	22·26
Godavari, East	67,013	10,509	15·68	3,94,772	16,523	4·19	17,957	2,094	11·66
Godavari, West	1,752	..	..	1,40,139	12,614	9·00	6,029	325	5·39
Guntur	54,950	4,472	8·14	9,72,362	16,622	1·71	16,512	4,252	25·75
Kanara, South	1,32,699	8,306	6·26	12,68,491	6,332	0·50	34,419	1,614	4·69
Kistna	1,21,044	4,411	3·64	3,96,038	30,815	7·78	16,787	1,159	6·90
Kurnool	1,13,986	11,796	10·35	42,144	9,112	21·62	16,553	4,642	28·05
Madras	20,96,749	37,905	1·81	38,26,343	11,050	0·29	3,33,504	8,354	2·50
Madura	1,50,583	14,146	9·39	38,18,773	1,11,108	2·91	53,346	1,841	3·45
Malabar	93,879	5,312	5·66	7,78,809	1,791	0·23	25,258	503	1·99
Nellore	57,796	34,294	59·33	2,48,444	4,884	1·97	16,156	3,976	24·61
Nilgiris	54,975	..	..	11,81,577	4,952	0·42	7,824	1,060	13·55
Ramnad	95,483	8,803	9·22	21,30,885	2,262	0·11	24,697	412	1·67
Salem	3,03,368	25,471	8·40	36,74,159	3,199	0·09	73,115	1,947	2·66
Tanjore	3,63,798	12,467	3·43	15,37,576	7,457	0·48	52,661	1,556	2·95
Tinnevelly	1,75,836	8,153	4·64	14,00,549	4,965	0·35	29,203	2,359	8·08
Trichinopoly	11,22,704	3,006	0·27	19,20,891	1,708	0·09	1,07,258	668	0·62
Vizagapatam	1,64,438	11,000	6·69	16,13,251	28,989	1·80	39,439	1,262	3·20
Total ..	71,56,941	2,73,804	3·83	3,43,59,369	3,10,957	0·90	11,07,343	56,513	5·10

APPENDIX No. 3—SECTION II.—*Percentage of Overdues by Primary Societies to individual Central Banks towards Principal, Arrear Interest and Current Interest for* 1940–41.

Serial number.	Name of the central bank.	Percentage of principal overdue to demand.		Percentage of overdue interest to demand.	
		Long term.	Short term.	Arrear.	Current.
(1)	(2)	(3)	(4)	(5)	(6)
1	Anantapur District Co-operative Central Bank, Anantapur.	86·34	55·83	64·73	2·15
2	Arcot (North) District Co-operative Central Bank, Vellore.	66·45	33·01	50·40	3·98
3	Arcot (South) District Co-operative Central Bank, Cuddalore.	86·40	38·91	50·21	20·62
4	Bellary District Co-operative Central Bank, Hospet.	83·75	39·38	..	44·81
5	Chingleput District Co-operative Central Bank, Ltd., Conjeeveram.	81·49	4·35	15·98	10·00
6	Chittoor District Co-operative Central Bank, Ltd., Chittoor.	83·92	20·23	22·72	18·44
7	Coimbatore District Urban Bank, Ltd., Coimbatore.	27·35	1·75	..	0·16
8	Cuddapah District Co-operative Central Bank, Ltd., Cuddapah.	65·39	15·04	68·15	6·71
	Godavari (East) District—				
9	District Co-operative Bank, Ltd., Cocanada.	96·91	..	39·48	7·14
10	Co-operative Central Bank, Ltd., Rajahmundry.	53·50	3·23	..	1·80
11	Ramachandrapuram Central Bank, Ltd.	33·62	0·10	..	0·63
12	Sree Konaseema Co-operative Central Bank, Amalapuram.	50·54	..	..	0·81
13	Godavari (West) District Central Bank, Ltd., Ellore.	50·84	17·21	18·73	7·66
14	Guntur District Co-operative Central Bank, Ltd., Tenali.	58·63	16·37	..	1·87
15	Kanara (South) District Central Bank, Ltd., Mangalore.	13·25	5·39	100·00	0·11
	Kistna District—				
16	Kistna Co-operative Central Bank, Ltd., Masulipatam.	78·72	13·21	57·32	3·36
17	Viziavada Co-operative Central Bank, Ltd., Bezwada.	34·25	20·08	..	..
18	Kurnool District Central Bank, Kurnool.	81·22	8·66	5·76	1·72
19	Madras District Central Bank, Ltd., Madras.	13·08	0·53	49·17	3·43
20	Madura-Ramnad Central Bank, Madura.	39·87	25·02	..	3·08
21	Malabar District Central Bank, Ltd., Calicut.	62·52	2·31	38·48	16·23
22	Nellore District Co-operative Banking Union, Ltd., Nellore.	71·06	47·40	60·72	9·37

APPENDIX NO. 3—SECTION II.—*Percentage of Overdues by Primary Societies to individual Central Banks towards Principal, Arrear Interest and Current Interest for* 1940–41—cont.

Serial number.	Name of the central bank.	Percentage of principal overdue to demand.		Percentage of overdue interest to demand.	
		Long term.	Short term.	Arrear.	Current.
(1)	(2)	(3)	(4)	(5)	(6)
23	Ramnad District—Srivilliputtur Banking Union, Ltd., Srivilliputtur.	70·26	36·61	4·15	9·54
24	Salem District Central Bank, Ltd., Salem.	7·31	0·69	2·78	0·05
	Tanjore District—				
25	Co-operative Central Bank, Ltd., Tanjore.	57·86	7·19	86·63	5·27
26	Co-operative Central Bank, Ltd., Kumbakonam.	74·53	9·19	76·87	17·71
27	Tinnevelly District Central Bank, Ltd., Tinnevelly.	19·63	7·50	..	..
28	Trichinopoly District Urban Bank, Ltd., Trichinopoly.	33·50	4·05	84·10	3·14
	Vizagapatam District—				
29	Co-operative Central Bank, Ltd., Vizianagram.	8·79	37·02	64·76	3·37
30	Co-operative Central Bank, Ltd., Chicacole.	63·40	45·59	96·50	18·17

APPENDIX No. 4—SECTION I (*a*).—*Demand, Balance and Percentage of loans and interest due by members to Land Mortgage Banks,* 1940-41.

Districts.	Principal.		
	Demand.	Balance.	Percentage of balance to demand.
(1)	(2)	(3)	(4)
	RS.	RS	
Anantapur	4,774	950	19·92
Arcot, North	49,393	9,700	19·65
Arcot, South	50,807	6,682	13·15
Bellary	7,048	105	1·49
Chingleput	58,943	16,727	28·38
Chittoor	9,342	46	0·49
Coimbatore	1,65,021	10,142	6·15
Cuddapah	8,360	297	3·55
Godavari, East	1,20,174	18,134	15·09
Godavari, West	1,38,570	3,207	2·32
Guntur	47,761	7,207	15·09
Kanara South	2,814	..	..
Kistna	1,25,812	13,359	10·62
Kurnool	3,806	415	10·90
Madras	..	..	..
Madura	40,295	3,887	9·65
Malabar	2,143	..	..
Nellore	26,086	94	0·36
Nilgiris	2,923	..	..
Ramnad	5,236	30	0·57
Salem	22,312	..	..
Tanjore	1,15,176	10,980	9·53
Tinnevelly	11,516	60	0·52
Trichinopoly	50,326	6,680	13·27
Vizagapatam	63,214	13,482	21·33
Total	11,31,852	1,22,184	10·80

APPENDIX NO. 4—SECTION I (*a*).—*Demand, Balance and Percentage of loans and interest due by members to Land Mortgage Banks*, 1940–41—cont.

Districts.	Interest.					
	Arrears.			Current.		
	Demand.	Balance.	Percentage of balance to demand.	Demand.	Balance.	Percentage of balance to demand.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	RS.	RS.		RS.	RS.	
Anantapur	168	168	100·00	5,735	42	0·73
Arcot, North ..	1,700	619	36·41	52,113	747	1·43
Arcot, South ..	493	..	..	37,611	200	0·53
Bellary	..	..	..	5,323	136	2·56
Chingleput	3,393	..	..	44,859	2,060	4·59
Chittoor	82	..	..	14,910	..	..
Coimbatore	4,348	2,599	52·87	2,12,181	246	0·11
Cuddapah	560	..	..	9,561	312	3·37
Godavari, East ..	2,723	2,723	100·00	1,57,291	766	0·49
Godavari, West ..	1,103	528	47·86	1,45,104	1,781	1·23
Guntur	356	356	100·00	62,417	572	0·92
Kanara, South ..	..	..	..	5,526	..	..
Kistna	4,280	1,000	23·36	1,18,644	291	0·25
Kurnool	1,112	433	38·93	5,725	..	..
Madras	..	..	..	..	..	..
Madura	1,404	..	..	52,907	638	1·20
Malabar	..	..	..	3,689	..	..
Nellore	4	..	..	34,932	..	..
Nilgiris	..	..	..	4,272	..	..
Ramnad	..	..	..	8,711	107	1·23
Salem	..	..	..	38,673	..	..
Tanjore	2,071	..	..	1,34,366	1,231	0·92
Tinnevelly	426	43	10·09	20,838	..	..
Trichinopoly ..	87	..	..	38,712	44	0·11
Vizagapatam ..	856	232	27·10	54,528	765	1·40
Total ..	25,166	8,701	34·61	12,68,627	9,938	0·71

APPENDIX No. 4—SECTION I (b).—*Demand, Balance and Percentage of Loans due by Members of Agricultural and Non-Agricultural Societies (excluding Land Mortgage Banks), 1939–40 and 1940–41.*

District.	Out of principal. 1939–40. Long term. Demand.	Balance.	Percentage of balance to demand.	Short term. Demand.	Balance.	Percentage of balance to demand.	1940–41. Long term. Demand.	Balance	Percentage of balance to demand.	Short term. Demand	Balance	Percentage of balance to demand.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Agricultural Societies.	RS.	RS.		RS.	RS.		RS.	RS.		RS.	RS.	
Anantapur	8,51,848	7,08,496	83·17	1,44,006	1,13,508	78·82	8,20,404	7,03,636	85·77	1,52,803	1,28,326	83·98
Arcot, North	11,26,487	8,86,935	78·73	2,97,935	1,82,079	61·11	11,04,126	8,30,257	75·20	3,28,520	1,73,989	52·96
Arcot, South	8,10,209	7,09,565	87·57	1,40.875	1,05,852	75·13	7,13,257	6,24.668	87·58	1,34,783	1,07,135	79·48
Bellary	6,09,031	5,22,686	85·82	2,16,454	1,07,282	49·56	5,58,636	4,72,729	84·62	2,30,223	1,32.490	57·55
Chingleput	13,72,884	11,81,616	86·06	1,84,939	86,652	46·85	12,42,257	10,38,269	83·58	2,62,034	84,879	32·40
Chittoor	3,40,847	2,71,388	79·62	55,590	34,452	61·97	3,29,276	2,58,627	78·54	55,438	37,420	67·50
Coimbatore	16,08,165	7,66,803	47·68	10,36,138	3,56,571	34·41	17.57,642	9,35,326	53·21	8,68,598	2,34,180	26·96
Cuddapah	3,11,769	2,60,544	83·56	89,255	51,766	57·09	2,64,778	2,20,100	83·08	96,978	63,306	65·28
Godavari, East	6.49,276	3,71,540	57·22	19,22,642	8,13,620	42·31	6,77,039	3,46,875	51·24	21,72,523	8,17,949	37·65
Godavari, West	2,81,469	1,90,981	67·85	13,25,624	5,75,486	43·41	2,98,999	1,72,262	57·61	13,96,548	4,88,981	35·01
Guntur	3,05,675	2,00,931	65·73	4,42,398	2,47,464	55·93	3,07,414	2,03,279	66·13	4,38,695	2,54,074	57·92
Kanara, South	2,15,769	78,967	36·59	7,30,751	1,72,093	23·55	2,11,228	81,486	38·58	8,84,092	1,76,892	20·01
Kistna	2,59,004	1,82,497	70·46	24,61,404	7,52,540	30·57	2,38,990	1,61,907	67·74	29,14,108	8,27,020	28·38
Kurnool	5,04,433	4,29,670	85·17	62,722	54,241	86·47	4,74,390	4,18.527	88·21	60,905	51,306	84·24
Madras	..	..	..	..	..	..	..	..	..	..	..	..
Madura	8,34,488	4,93,060	59·08	3,97,519	1,35,592	34·10	8,94,284	4,43,124	49·55	7,08,589	1,72,409	24·33
Malabar	3,34,607	2,71,691	81·19	3,65,751	2,93,412	80·22	3,39,879	2,80,068	82·40	3,45,861	2,76,216	79·86
Nellore	2,62,928	2,03,562	77·42	5,62,863	2,89,531	51·43	2,45,978	1,82,599	74·23	5.70,795	2,96,219	51·90
Nilgiris	1,61,320	1,10,843	68·71	1,48,818	70,245	47·20	1,78,614	94,169	52·72	1,33,427	42,094	31·55
Ramnad	3,79,495	2,90,787	76·62	1,64,540	79,829	48·03	3,64,549	2,65,161	72·74	1,87,618	86,828	46·28
Salem	13,70,280	5,79,948	42·32	6,10,615	1,10,339	18·07	13,36,879	4,56,404	34·14	6,37,084	1,06,813	16·77
Tanjore	12,95,203	10,01,053	77·28	4,42,112	1,73,663	39·28	12,15,172	9,04,577	74·44	3,85,379	1,49,396	38·77
Tinnevelly	1,80,756	98,680	54·59	5,37,094	1,22,973	22·89	1,83,262	87,176	47·56	5,64.049	1,19,254	21·14
Trichinopoly	11,02,348	5,89,836	53·50	6,70,900	1,68,357	24·98	11,48,818	5,42,530	47·13	5,95,773	1,38,378	23·23
Vizagapatam	2,63,132	1,83,092	69·58	11,43,723	6,38,964	55·86	2,23,789	1,43,062	63·92	11,92,598	6,68,528	56·06
Total	1,54,31,423	1,05,85,171	68·59	1,41,57,668	57,35,711	40·51	1,51,29,669	98,66,818	65·21	1,53,17,421	56,34.082	36·78
Non-Agricultural Societies.												
Anantapur	4,76,966	1,87,807	39·38	2,04,912	22,999	11·22	4,70,224	1,84,712	39·28	1,57,920	18,727	11·86
Arcot, North	7,86,585	1,27,149	16·16	2,35,472	10,451	4·43	6,95,040	1,13,438	16·32	3,42,572	13,638	3·98
Arcot, South	4,58,669	1,57,661	34·37	1,77,348	15,700	8·85	4,68,088	1,70,088	36·33	1,63.810	15,918	9·72

Bellary	2,89,916	1,09,413	37·73	53,243	10,174	19·10	2,84,731	1,18,406	41·59	51,681	13,798	26·71
Chingleput	6,87,561	2,64,865	38·52	1,11,360	12,497	11·22	6,47,943	2,14,815	33·15	1,29,545	12,262	9·46
Chittoor	5,78,360	2,33,899	40·44	2,89,177	25,169	8·70	6,05,280	2,34,954	38·82	3,50,948	32,786	9·34
Coimbatore	8,90,275	2,65,360	29·80	5,29,611	63,988	12·08	8,78,514	2,19,090	24·94	5,26,182	51,333	9·76
Cuddapah	2,75,996	1,32,240	47·91	98,088	18,261	18·61	2,82,426	1,29,180	45·71	1,07,177	17,424	16·25
Godavari, East	2,77,752	93,089	33·51	2,57,919	97,888	37·95	2,65,285	1,00,516	37·89	2,65,694	1,14,501	43·09
Godavari, West	37,573	16,225	43·18	1,70,548	59,511	34·89	27,823	11,421	41·05	1,73,101	59,600	34·43
Guntur	1,93,333	64,220	33·21	1,90,315	65,020	34·11	1,86,676	57,003	30·53	1,70,296	60,439	35·46
Kanara, South	4,58,230	1,15,841	25·28	6,13,341	54,264	8·84	4,78,242	1,10,813	23·17	7,21,570	57,192	7·92
Kistna	2,50,218	1,18,589	47·39	2,86,272	1,08,793	38·00	2,71,251	1,14,498	42·21	2,93,047	96,413	32·90
Kurnool	2,61,317	1,07,430	41·11	53,165	12,322	23·17	2,36,583	92,040	38·99	51,037	12,287	24·07
Madras	92,30,441	9,70,769	10·51	20,45,351	1,74,592	8·53	98,92,035	9,70,701	9·81	18,90,789	1,93,947	10·26
Madura	8,04,239	2,21,015	27·48	11,65,569	4,21,734	36·18	8,28,467	1,81,132	21·86	11,71,427	3,81,252	32·55
Malabar	4,62,320	1,37,237	29·66	3,99,172	93,549	23·43	5,14,332	1,30,803	25·43	4,10,130	94,836	23·12
Nellore	3,50,911	1,73,792	49·52	1,00,660	18,278	18·15	3,44,535	1,74,835	50·75	1,06,033	18,385	17·33
Nilgiris	1,84,856	53,771	29·08	1,04,617	7,265	6·94	1,75,525	51,083	29·13	1,24,026	10,541	8·50
Ramnad	3,89,293	1,77,755	45·66	4,24,110	76,118	17·94	3,82,000	1,75,402	45·92	4,77,685	82,314	17·23
Salem	7,79,380	1,79,856	23·07	15,30,053	1,25,207	8·18	8,29,560	1,58,323	19·08	16,70,833	1,14,078	6·83
Tanjore	10,26,861	3,94,343	38·40	3,58,116	76,726	21·42	10,44,132	3,51,222	33·64	3,97,564	87,441	21·99
Tinnevelly	6,96,006	1,76,097	25·30	2,18,426	30,124	13·79	7,09,897	1,77,323	24·98	2,46,075	31,460	12·78
Trichinopoly	4,95,739	1,43,916	29·03	28,32,210	51,520	1·81	5,01,962	1,22,696	21·44	26,53,801	54,583	2·06
Vizagapatam	7,08,499	2,48,982	35·14	7,93,156	1,41,436	17·83	7,53,628	2,51,671	33·39	7,45,307	1,69,325	22·72
Total	2,10,51,296	48,71,321	23·14	1,32,42,211	17,93,586	13·54	2,17,74,188	46,16,115	21·80	1,33,98,259	18,14,480	13·54

APPENDIX No. 4—SECTION I (b).—*Demand, Balance and Percentage of Interest due by Members of Agricultural and Non-Agricultural Credit Societies (excluding Land Mortgage Banks),* 1939–40 *and* 1940–41.

District.	Out of interest overdue at the end of the previous year (arrears).						Out of interest accrued and fallen due during the year (current).					
	1939–40.			1940–41.			1939–40.			1940–41.		
	Demand.	Balance.	Percentage of balance to demand.	Demand	Balance.	Percentage of balance to demand.	Demand.	Balance.	Percentage of balance to demand.	Demand.	Balance.	Percentage of balance to demand.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Agricultural Societies.	RS.	RS.		RS.	RS.		RS.	RS.		RS.	RS.	
Anantapur	2,00,221	1,34,989	67·42	1,87,805	1,35,019	71·90	83,761	60,295	71·98	91,880	66,122	71·97
Arcot, North	2,72,934	2,11,158	77·36	2,65,203	1,94,705	73·42	1,15,988	70,244	60·56	1,15,787	69,473	60·00
Arcot, South	3,13,667	2,63,836	84·11	2,95,964	2,55,075	86·18	73,556	56,447	76·74	66,204	52,907	79·92
Bellary	2,10,454	1,65,065	78·43	1,85,276	1,38,826	74·92	43,226	30,432	70·40	49,943	34,589	69·26
Chingleput	4,06,813	3,33,190	81·90	4,03,852	3,37,334	83·53	1,20,105	88,599	73·76	1,06,608	80,522	75·53
Chittoor	1,42,938	1,17,617	82·28	1,16,749	98,136	84·06	42,257	32,494	76·89	42,132	27,422	65·09
Coimbatore	1,94,428	1,14,110	58·69	1,74,790	92,850	53·12	2,45,548	69,731	28·39	2,19,163	58,520	26·70
Cuddapah	1,52,553	1,34,442	88·12	1,25,638	1,07,295	85·40	23,800	8,178	34·36	26,055	18,941	72·69
Godavari, East	1,44,971	80,777	55·71	1,47,058	84,786	57·65	3,32,195	48,335	14·55	2,12,390	65,323	30·76
Godavari, West	1,68,357	1,30,313	77·40	1,67,177	1,24,201	74·29	1,06,662	50,070	46·94	1,18,413	48,514	40·97
Guntur	85,014	57,322	67·42	80,857	53,299	65·92	59,276	33,702	56·85	58,883	35,953	61·06
Kanara, South	1,09,360	80,570	73·67	89,507	62,961	70·34	72,192	21,686	30·03	75,914	21,869	28·86
Kistna	1,37,420	94,428	68·71	1,48,773	93,627	62·93	1,56,509	59,167	37·80	1,87,801	64,610	34·40
Kurnool	1,41,274	1,09,198	77·29	1,18,964	93,433	78·54	46,522	37,590	80·80	45,082	34,729	77·04
Madras	..	..	..	..	..	..	..	..	..	..	..	..
Madura	1,78,882	1,39,833	78·17	1,80,344	1,32,273	73·34	1,22,877	51,419	41·84	1,34,861	43,453	32·22
Malabar	1,79,561	1,47,311	82·03	1,54,435	1,28,483	83·20	56,437	44,564	78·96	65,150	54,019	82·91
Nellore	1,25,718	99,057	78·78	1,24,284	89,718	72·19	54,542	34,757	63·72	57,747	34,622	59·94
Nilgiris	35,583	18,071	50·78	30,275	13,525	44·67	24,582	13,513	54·97	20,854	9,701	46·52
Ramnad	1,36,431	1,20,140	88·05	1,30,367	1,12,354	86·18	46,208	28,049	60·70	51,455	29,163	56·67
Salem	1,23,005	62,767	51·02	97,111	45,894	47·26	2,14,363	44,819	20·90	1,97,325	35,483	17·98
Tanjore	4,77,528	4,05,023	84·81	4,60,851	3,94,368	85·57	1,50,715	99,224	65·83	1,34,911	83,820	62·13
Tinnevelly	44,957	33,141	73·71	43,669	31,543	72·23	53,669	15,105	28·14	59,556	12,154	20·41
Trichinopoly	1,61,882	1,20,945	74·71	1,68,601	1,24,018	73·56	1,66,201	44,601	26·83	1,66,420	41,940	25·20
Vizagapatam	85,232	59,015	69·24	88,352	56,475	63·91	1,00,926	31,668	31·37	1,05,346	39,004	37·02
Total	42,29,183	32,32,318	76·42	39,85,902	30,00,198	75·27	25,12,118	10,74,689	42·78	24,09,880	10,62,853	44·10
Non-Agricultural Societies.												
Anantapur	33,999	12,104	35·60	26,924	17,527	65·10	48,693	15,272	31·36	45,914	8,516	18·55
Arcot, North	18,678	8,332	44·60	18,816	9,142	48·58	69,640	9,881	14·18	66,579	8,302	12·47
Arcot, South	39,637	23,743	59·90	34,629	16,830	48·60	46,257	10,182	22·01	41,711	12,815	30·72
Bellary	17,607	9,743	55·33	15,964	7,177	44·96	23,455	4,865	20·74	26,227	7,934	30·25

Chingleput	78,982	49,689	62·91	51,724	29,277	56·60	50,644	4,262	8·41	59,700	16,919	28·34
Chittoor	33,309	14,465	43·42	24,251	12,237	50·46	71,260	10,933	15·34	75,858	15,309	20·18
Coimbatore	44,561	28,516	63·90	48,486	29,013	59·85	1,37,852	20,915	15·17	1,21,746	11,296	9·28
Cuddapah	22,525	14,872	66·02	28,274	19,207	67·90	27,393	10,998	40·14	24,060	8,949	37·19
Godavari, East	24,412	14,623	59·90	19,741	8,909	45·13	41,988	11,468	27·31	42,984	13,445	31·28
Godavari, West	6,030	3,713	61·57	8,066	4,274	52·98	11,852	3,797	32·03	11,802	4,375	37·07
Guntur	30,253	21,028	69·50	24,512	14,513	59·21	28,259	6,991	24·73	26,362	9,098	34·51
Kanara, South	42,664	29,108	68·22	28,465	25,215	88·58	65,821	10,600	16·10	63,767	8,883	13·93
Kistna	31,747	16,169	50·93	32,833	14,862	45·27	37,143	16,302	43·88	38,866	17,745	45·66
Kurnool	19,747	8,610	43·60	16,061	6,936	43·19	27,413	12,165	44·37	21,498	6,983	32·48
Madras	1,57,988	96,029	60·78	1,89,512	1,17,953	62·25	6,69,022	80,486	12·03	6,81,923	69,595	10·20
Madura	1,17,725	85,135	72·31	1,22,902	97,564	79·39	1,22,052	39,720	32·54	1,18,908	31,559	26·54
Malabar	35,079	27,613	78·71	33,259	18,138	54·51	53,364	8,786	16·46	58,487	18,100	30·95
Nellore	41,489	37,584	90·58	60,628	43,396	71·58	43,160	21,332	49·42	23,988	15,044	62·68
Nilgiris	12,277	10,543	85·87	12,214	10,310	84·41	17,153	2,379	13·86	16,713	2,346	14·04
Ramnad	40,559	25,109	61·90	41,553	26,470	63·73	54,900	14,092	25·66	56,456	17,161	30·40
Salem	31,356	20,329	64·83	22,785	11,351	49·82	1,32,655	13,045	9·83	1,35,538	18,466	13·63
Tanjore	70,467	39,595	56·18	72,996	52,918	72·49	1,06,242	30,663	28·86	1,01,692	12,972	12·76
Tinnevelly	24,550	9,316	37·94	18,771	6,077	32·37	65,152	9,586	14·71	67,766	12,295	18·14
Trichinopoly	45,707	28,353	62·03	44,656	32,601	73·00	2,28,882	16,119	7·04	2,46,117	11,975	4·87
Vizagapatam	25,598	16,274	63·57	36,095	19,964	55·30	96,558	16,271	16·85	88,885	12,446	14·00
Total	10,46,946	6,50,595	62·14	10,34,127	6,51,861	63·03	22,76,810	4,01,110	17·61	22,63,557	3,72,428	16·45

APPENDIX No. 4—SECTION II.—*Classification of Societies*, 1940–41.
(*Audited up to* 10*th October* 1941.)

District.	Thoroughly good societies. A	Societies with some defaulters and some mistakes in accounts. B	All other societies that do not come under class "D." C	Bad societies which will be cancelled should they fail to come under class "C" within two years. D	Total.
Anantapur	6	18	85	20	129
Arcot, North	6	19	242	12	279
Do. South	2	13	211	17	243
Bellary	5	21	80	8	114
Chingleput	4	26	133	51	214
Chittoor	1	23	62	5	91
Coimbatore	15	51	77	3	146
Cuddapah	1	15	26	13	55
Godavari, East	10	19	120	25	174
Do. West	11	32	85	10	138
Guntur	4	44	147	22	217
Kanara, South	20	31	43	20	114
Kistna	7	53	87	21	168
Kurnool	3	12	84	15	114
Madras	9	6	11	2	28
Madura	11	43	224	18	296
Malabar	..	10	50	16	76
Nellore	5	7	150	5	167
Nilgiris	3	1	15	1	20
Ramnad	3	16	87	17	123
Salem	9	35	92	7	143
Tanjore	5	17	186	29	237
Tinnevelly	7	29	134	5	175
Trichinopoly	4	20	89	21	134
Vizagapatam	5	35	82	5	127
Total ..	156	596	2,602	368	3,722

IMPERIAL STATEMENTS.

STATEMENT A.—*Operations of the Provincial and Central Banks, 1940–41.*

Banks.	Number of Banks.	Number of members.		Number of affiliated societies holding shares in Central Banks.				Loans made during the year.				Receipts from loans repaid during the year.	
		Individuals.	Societies.	Central credit.	Agricultural credit.	Non-agricultural credit.	Others.	Individuals.		Banks and societies.		Individuals.	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		(10)		(11)	
								LONG TERM. RS.	SHORT TERM. RS.	LONG TERM. RS.	SHORT TERM. RS.	LONG TERM. RS.	SHORT TERM. RS.
Provincial Co-operative Bank.	1	184	32	30	..	2	..	5,29,400	..	5,28,880	1,31,05,998	6,70,963	..
Previous year	1	184	32	30	..	2	..	6,13,820	..	12,57,990	1,01,36,569	6,65,297	..
The Madras Co-operative Central Land Mortgage Bank.	1	455	119	..	119	..	..	519	..	40,77,760	..	500	..
Previous year	1	461	119	..	119	..	..	492	..	42,81,940	..	438	..
Total of District Central Banks	30	4,054	11,295	207	9,465	998	625	1,67,918	9,20,761	39,11,706	3,99,55,873	2,15,151	11,99,623
Total of previous year ..	30	4,160	10,881	197	9,258	963	463	2,27,374	15,53,840	46,81,752	3,36,29,503	1,76,979	14,13,658

STATEMENT A.—*Operations of the Provincial and Central Banks*, 1940–41—cont.

Banks.	Receipts from loans repaid during the year.		Loans due by				Loans and deposits received during the year.					
	Banks and societies.		Individuals.		Banks and societies.		Provincial and Central Banks.		Primary societies.		Individuals and other sources.	
	(12)		(13)		(14)		(15)		(16)		(17)	
	LONG TERM.	SHORT TERM.	LONG TERM.	SHORT TERM.	LONG TERM.	SHORT TERM.	LONG TERM.	SHORT TERM.	LONG TERM.	SHORT TERM.	LONG TERM.	SHORT TERM.
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Provincial Co-operative Bank.	12,55,491	1,14,31,833	2,57,927	39,061	35,48,878	97,37,896	..	..	4,30,057	12,67,389	7,23,133	2,52,96,699
Previous year	6,12,853	79,71,448	3,99,490	1,11,479	42,75,488	84,67,195	..	..	8,32,973	12,48,739	15,60,040	12,11,71,541
The Madras Co-operative Central Land Mortgage Bank.	18,09,756	..	391	..	241,48,955	..	..	..	1,22,127	..	1,43,62,623	..
Previous year	13,18,970	..	372	..	2,18,80,950	..	..	..	49,080	96,109	73,37,740	45,65,127
Total of District Central Banks	63,29,831	3,68,63,244	1,43,920	4,20,590	2,00,97,755	2,20,83,132	4,73,700	2,99,45,797	7,31,079	2,28,79,887	32,93,527	5,49,71,220
Total of previous year ..	58,52,035	3,21,87,212	1,91,765	6,99,612	2,18,10,621	1,96,98,259	11,56,052	2,88,62,468	6,39,733	2,27,88,067	29,32,385	5,89,72,547

STATEMENT A.—*Operations of the Provincial and Central Banks, 1940-41*—cont.

Banks.	Sale of goods to members.	Purchase of members' products.	Cost of management.	Share capital paid-up.	Loans and deposits held at the end of the year from — Societies.		Provincial and Central Banks.		Government.	Individuals and other sources.	
	(18)	(19)	(20)	(21)	(22)		(23)		(24)	(25)	
					LONG TERM.	SHORT TERM.	LONG TERM.	SHORT TERM.		LONG TERM.	SHORT TERM.
			RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Provincial Co-operative Bank.	..	..	2,04,888	6,66,500	..	—	44,55,263	38,48,095	..	27,00,094	1,31,42,958
Previous year	..	..	2,41,747	6,65,600	..	..	40,90,706	24,44,515	..	22,37,984	1,40,82,580
The Madras Co-operative Central Land Mortgage Bank.	..	..	78,064	9,35,100	3,91,856	..	..	..	10,00,000	2,44,26,977	..
Previous year	..	..	72,266	8,65,600	2,63,747	..	..	79,966	26,05,000	1,98,09,092	..
Total of District Central Banks	..	..	9,53,809	49,71,192	1,14,96,501	28,78,343	12,64,324	93,58,194	..	98,03,295	1,30,33,907
Total of previous year ..	..	..	8,59,251	49,42,979	1,10,96,751	24,40,671	16,68,509	78,34,838	..	1,07,94,630	1,26,66,802

STATEMENT A.—*Operations of the Provincial and Central Banks*, 1940–41—cont.

Banks.	Funds.			Profit and loss for the year.				Most usual rate of interest.		
	Reserve fund.	Other funds.	Working Capital.	Book profit.	Net profit.	Loss (excluding overdue interest).	Most usual rate of dividend paid on shares.	On borrowings.	On lendings.	Uncalled and subscribed share capital.
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)
	RS.	RS.	RS.	RS.	RS.	RS.	PER CENT.	PER CENT.	PER CENT.	RS.
Provincial Co-operative Bank.	19,00,000	12,31,767	2,79,44,677	2,54,115	2,53,399	..	9	2	3½	..
Previous year	18,25,000	11,44,789	2,64,91,174	2,38,295	2,38,206	..	9	2	3½	..
The Madras Co-operative Central Land Mortgage Bank.	2,93,003	3,03,241	2,73,50,177	2,41,409	2,41,409	..	4	3½	5½	..
Previous year	2,15,785	2,58,923	2,40,98,113	1,20,541	1,20,541	..	4	3½	5	..
Total of District Central Banks	35,51,363	31,52,737	5,95,09,856	11,68,939	3,60,861	902	5	3½	5¼	12,08,287
Total of previous year ..	34,67,460	31,17,295	5,80,29,935	10,73,615	2,85,740	3,512	5	3½	5½	11,55,072

STATEMENT B.—*Operations of Agricultural Societies*, 1940-41.

Types of societies. (1)	Number of societies. (2)	Number of members. (3) Societies. (a)	Individuals. (b)	Loans made during the year to Individuals. (4) SHORT TERM.	LONG TERM.	Banks and societies. (5)	Receipts from loans and deposits repaid during the year by Individuals. (6) SHORT TERM.	LONG TERM.	Banks and societies. (7)	Loans due by Individuals. (8) SHORT TERM.	LONG TERM.	Of which overdue. (9) SHORT TERM.	LONG TERM.	Banks and societies. (10)
Agricultural Societies.				RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Class I (*a*) Credit—Limited—Land Mortgage Banks ..	119	..	65,138	..	42,16,598	..	..	17,35,866	..	..	2,46,89,977	..	1,22,184	..
Class I (*a*) Credit—Limited—Others	59	..	3,852	1,52,050	38,399	..	1,45,225	36,400	..	1,17,024	1,01,701	13,050	13,879	..
Class I (*b*) Credit—Unlimited..	10,934	..	606,171	1,07,44,211	35,37,576	..	1,05,10,224	56,56,072	..	1,41,42,152	1,87,33,630	56,21,032	98,52,939	..
Class II (*a*) Purchase, Purchase and Sale—Limited ..	205	2,610	45,606	1,33,44,655	825	21,615	1,02,09,898	1,057	21,730	85,34,956	4,073	3,49,417	1,732	22,377
Class IV (*a*) Production, Production and Sale—Limited..	114	140	5,243	40,534	..	..	34,175	..	..	36,150	1,115	15,885	1,115	..
Class IV (*b*) Production, Production and Sale—Unlimited.	1	..	13	7,959	..	..	8,241	..	..	16,762	..	..	..	..
Class VI (*a*) Others—Limited.	132	92	13,930	3,39,039	680	..	4,49,137	33,405	..	2,55,612	5,49,441	71,122	1,86,334	..
Class VI (*b*) Others—Unlimited.	294	..	17,149	8,947	3,685	..	6,845	2,090	..	47,091	18,879	39,217	12,114	..
Total ..	11,858	2,842	757,102	2,46,37,395	77,97,763	21,615	2,13,63,745	74,64,890	21,730	2,31,49,747	4,40,98,816	61,09,723	1,01,90,297	22,377
Total, previous year ..	11,910	2,692	724,765	2,17,46,220	85,14,844	..	2,05,46,083	66,28,866	..	2,00,06,319	4,41,39,600	60,12,659	1,09,04,336	..

STATEMENT B.—*Operations of Agricultural Societies*, 1940-41—cont.

Types of societies.	Loans and deposits received during the year from: Individuals. Members. (11)	Individuals. Non-members. (12)	Central banks. (13) Short term.	Central banks. (13) Long term.	Primary societies. (14)	Government. (15) Short term.	Government. (15) Long term.	Loans and deposits paid off during the year to: Individuals. Members. (16)	Individuals. Non-members. (17)	Central banks. (18) Short term.	Central banks. (18) Long term.	Primary societies. (19)	Government. (20) Short term.	Government. (20) Long term.
Agricultural Societies—cont.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Class I (*a*) Credit—Limited—Land Mortgage Banks ..	..	2,338	..	40,54,874	11,310	..	..	..	38,295	..	18,21,168	6,123	..	..
Class I (*a*) Credit—Limited—Others	60,347	74,979	77,347	19,235	..	..	..	65,930	42,541	88,578	26,077	..	..	..
Class I (*b*) Credit—Unlimited.	6,43,002	11,10,826	1,00,41,972	30,79,307	1,943	..	49,915	6,39,641	10,09,733	1,00,17,186	49,74,851	2,060	105	58,216
Class II (*a*) Purchase, Purchase and Sale—Limited ..	54,166	8,275	1,74,72,853	2,56,904	11,919	..	24,375	53,050	5,219	1,44,35,251	10,868	11,157	..	2,790
Class IV (*a*) Production, Production and Sale—Limited.	5,195	318	29,984	7,320	15,500	..	..	385	393	17,990	13,276	11,274	..	..
Class IV (*b*) Production, Production and Sale—Unlimited.	1,000	..	23,923	..	..	..	..	..	..	24,757	..	..	..	..
Class VI (*a*) Others—Limited..	68,499	10,43,819	19,61,390	560	100	..	..	63,033	10,43,335	23,66,694	2,85,365	149	..	11,070
Class VI (*b*) Others—Unlimited.	86	9	4,634	3,280	..	..	..	157	13	2,532	1,107	..	..	24
Total ..	8,32,295	22,40,564	2,96,12,103	74,21,480	40,772	..	74,290	8,22,196	21,39,529	2,69,52,988	71,32,712	30,763	105	72,100
Total, previous year ..	7,87,619	13,85,079	2,22,57,309	79,07,552	24,013	..	57,451	7,03,446	14,22,706	2,08,07,134	61,21,197	15,014	94	93,847

STATEMENT B.—*Operations of Agricultural Societies, 1940-41*—cont.

Types of societies.	Sales of goods to members. (21)	Purchase of members' products. (22)	Cost of management. (23)	Share capital. Received during the year. (24)	Share capital. Paid off during the year. (25)	Share capital. Outstanding at the end of the year. (26)	Loans and deposits held at the end of the year from Members. (27)	Non-members. (28)	Societies. (29)	Provincial or Central Banks. (30) Short term.	Provincial or Central Banks. (30) Long term.	Government. (31)
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Agricultural Societies—cont.												
Class I (*a*) Credit—Limited Land Mortgage Banks ..	..	..	1,95,405	2,33,817	58,991	17,15,892	..	1,30,083	1,14,239	..	2,40,90,347	..
Class I (*a*) Credit—Limited Others	1,753	1,682	3,120	10,885	7,465	43,337	34,091	58,980	..	34,055	48,878	..
Class I (*b*) Credit—Unlimited.	13,699	4,480	4,04,033	5,19,317	4,78,195	53,87,103	7,65,767	15,28,868	5,920	1,13,51,793	1,53,68,983	2,75,004
Class II (*a*) Purchase, Purchase and Sale—Limited ..	16,17,798	13,90,363	3,02,752	1,15,608	11,785	3,84,079	26,176	24,255	762	87,76,919	51,681	1,36,444
Class IV (*a*) Production, Production and Sale—Limited.	2,07,252	2,15.791	27,373	11,466	1,153	77,642	5,893	1,024	11,761	28,343	14,728	..
Class IV (*b*) Production, Production and Sale—Unlimited.	2,31,721	2,29,077	912	20	..	5,260	1,000	..	..	30,968	..	..
Class VI (*a*) Others—Limited.	57,590	2,294	1,57,432	44,363	18,013	3,48,371	9,05,329	23,191	58	7,54,541	5,59,254	57,717
Class VI (*b*) Others—Unlimited.	..	..	832	1,557	1,471	53,257	1,152	286	..	10,765	6,464	397
Total ..	21,29,813	18,43,687	10,91,859	9,37,033	5,77,073	80,14,941	17,39,408	17,66,687	1,32,740	2,09,87,384	4,01,40,335	4,69,562
Total, previous year ..	11,03,933	16,94,922	9,31,000	10,38,880	5,42,496	77,95,748	18,37,293	20,71,592	14,485	1,77,07.981	4,05,43,398	5,10,442

STATEMENT B.—*Operations of Agricultural Societies, 1940-41*—cont.

Types of societies.	Reserve Fund.	Other Funds.	Working capital.	Interest collected.	Profit and loss for the year. Book profit.	Divisible profit.	Loss (excluding overdue interest from profits—Profit and loss statement).	Loss (including overdue interest in profits—Balance sheet).	Usual rate of dividend paid on shares.	Most usual rate of interest. On borrowings.	On lendings.
	(32)	(33)	(34)	(35)	(36) (a)	(b)	(c)	(d)	(37)	(38)	(39)
Agricultural Societies—cont.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	PER CENT.	PER CENT.	PER CENT.
Class I (a) Credit—Limited Land Mortgage Banks ..	2,48,476	40,246	2,63,39,283	13,10,169	1,80,047	1,60,263	20,093	19,781	5	5½	6½
Class I (a) Credit—Limited Others	53,181	8,041	2,80,563	12,702	12,702	7,280	18	15	6¼	5½	7½
Class I (b) Credit—Unlimited.	80,92,326	23,44,087	4,51,19,851	23,30,486	31,16,111	4,95,477	20,21,701	4,31,468	6¼	5½	7½
Class II (a) Purchase, Purchase and Sale—Limited ..	1,25,266	1,80,386	97,05,968	2,55,535	82,287	72,781	34,186	30,565	6¼	5	6¼
Class IV (a) Production, Production and Sale—Limited..	15,971	2,839	1,58,201	1,046	6,091	5,191	24,829	23,233	6¼	5	6¼
Class IV (b) Production, Production and Sale—Unlimited.	1,020	338	38,586	1,841	1,584	1,584	..	..	6¼	..	..
Class VI (a) Others—Limited..	27,998	25,491	27,01,950	37,663	1,78,571	1,40,196	15,939	5,537	6	5	6¼
Class VI (b) Others—Unlimited.	21,737	13,822	1,07,880	2,333	22,070	1,390	6,624	1,891	6¼	7½	9¾
Total ..	85,85,975	26,15,250	8,44,52,282	39,51,775	35,99,463	8,84,162	21,23,390	5,12,490	6¼	5½	7½
Total, previous year ..	83,89,423	24,84,517	8,13,55,279	38,37,855	35,49,869	6,44,991	22,69,431	5,54,981	..	..	..

STATEMENT C.—*Operations of Non-Agricultural Societies, 1940–41.*

Types of societies.	Number of societies.	Number of members.		Loans made during the year to			Receipts from loans and deposits repaid during the year by			Loans due by				
		Societies.	Individuals.	Individuals.		Banks and societies.	Individuals.		Banks and societies.	Individuals.		Of which overdue.		Banks and societies.
(1)	(2)	(3) (a)	(3) (b)	(4) SHORT TERM.	(4) LONG TERM.	(5)	(6) SHORT TERM.	(6) LONG TERM.	(7)	(8) SHORT TERM.	(8) LONG TERM.	(9) SHORT TERM.	(9) LONG TERM.	(10)
Non-Agricultural Societies.				RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Class I (a)—Credit—Limited—														
(1) Urban Banks ..	154	..	140,523	54,30,958	49,88,865	..	56,17,250	56,98,868	..	43,80,998	1,06,47,298	9,41,521	28,61,175	..
(2) Employees Societies.	506	..	135,260	52,28,325	1,17,68,094	..	48,84,470	1,15,52,053	..	42,86,662	1,22,75,285	2,12,668	10,47,030	..
(3) Other Societies ..	376	..	46,669	7,70,097	7,53,104	..	7,33,450	7,66,048	..	10,51,984	14,01,017	6,13,168	5,72,661	..
Class I (b)—Credit—Unlimited.	128	..	11,743	1,90,089	1,82,967	..	1,79,767	1,66,462	..	1,25,887	3,74,843	47,123	1,35,289	..
Class II (a)—Purchase, Purchase and Sale—Limited.	765	902	52,205	41,794	7,750	77,296	44,551	8,885	92,174	13,737	13,942	37,944	7,521	67,286
Class II (b)—Purchase, Purchase and Sale—Unlimited.	6	..	235	..	..	..	201	1,005	..	1,344	3,003	1,344	2,343	..
Class IV (a)—Production, Production and Sale—Limited.	88	6	5,894	686	..	..	1,608	68	..	812	56	344	56	..
Class V (a)—Insurance—Limited.	3	137	15,649	..	..	..	..	..	..	..	..	..	..	..
Class VI (a)—Others—Limited.	207	378	9,827	11,982	2,26,874	..	14,784	5,38,197	..	13,738	31,49,399	5,578	2,22,428	..
Class VI (b)—Others—Unlimited.	23	..	1,002	1,249	364	..	976	1,422	..	2,130	5,725	940	655	..
Total ..	2,256	1,423	419,007	1,16,75,180	1,79,28,018	77,296	1,14,77,057	1,87,33,008	92,174	98,77,292	2,78,70,568	18,60,630	48,49,148	67,286
Total, previous year ..	2,098	1,027	420,592	1,16,65,267	1,86,97,624	1,26,975	1,11,82,922	1,79,37,136	1,22,775	97,79,036	2,86,76,291	18,18,370	51,14,023	82,164
Grand total ..	* 14,114	4,265	1,176,109	3,63,12,575	2,57,25,781	98,911	3,28,40,802	2,61,97,898	1,13,904	3,30,27,039	7,19,69,384	79,70,353	1,50,39,445	89,663
Grand total, previous year.	* 14,008	3,719	1,145,357	3,34,11,487	2,72,12,468	1,26,975	3,17,29,005	2,45,66,002	1,22,775	2,97,85,355	7,28,15,897	78,31,029	1,60,18,359	82,164

* Exclude societies which had not started work at the end of the year.

STATEMENT C.—*Operations of Non-Agricultural Societies, 1940-41—cont.*

Types of societies.	Loans and deposits received during the year from — Individuals. Members. (11)	Individuals. Non-members. (12)	Central Banks. (13) Short term.	Central Banks. (13) Long term.	Primary societies. (14)	Government. (15) Short term.	Government. (15) Long term.	Loans and deposits paid off during the year to — Individuals. Members. (16)	Individuals. Non-members. (17)	Central Banks. (18) Short term.	Central Banks. (18) Long term.	Primary societies. (19)	Government. (20) Short term.	Government. (20) Long term.
Non-Agricultural Societies.—cont.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Class I (*a*)—Credit—Limited—														
(1) Urban Banks ..	95,68,137	1,63,99,891	49,36,963	5,62,138	53,132	..	..	92,84,285	1,64,60,496	51,04,659	5,84,601	48,600	..	..
(2) Employees Societies.	27,26,764	32,46,170	13,66,406	4,58,899	..	..	..	22,37,869	29,16,642	15,67,798	5,05,031	..	..	..
(3) Other Societies.	7,06,281	4,16,445	6,14,545	1,93,433	277	..	1,000	6,40,815	4,14,749	6,76,319	2,35,481	277	..	1,062
Class I (*b*)—Credit—Unlimited.	88,294	45,630	79,736	42,593	..	..	.	75,661	40,878	76,181	36,255	..	..	..
Class II (*a*)—Purchase, Purchase and Sale—Limited.	2,17,037	1,97,275	9,75,537	5,759	12,876	6,000	3,000	1,68,072	1,55,360	6,89,251	1,84,696	14,961	6,000	.
Class II (*b*)—Purchase, Purchase and Sale—Unlimited.	108	700	500	400	..	..	..	98	1,300	526	1,332	..	..	..
Class IV (*a*)—Production, Production and Sale—Limited.	5,704	5,199	1,37,576	184	..	..	..	2,472	3,985	1,14,231	2,03,225	..	..	..
Class V (*a*)—Insurance—Limited.	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Class VI (*a*)—Others—Limited.	90,325	50,249	10,883	150	..	..	56,704	92,655	46,155	16,462	24,898	..	5,697	3,55,666
Class VI (*b*)—Others—Unlimited.	639	..	1,210	..	..	..	..	1,264	..	..	1,731	..	..	..
Total ..	1,34,03,289	2,03,61,559	81,23,356	12,63,556	66,285	6,000	60,704	1,25,03,191	2,00,39,565	82,45,427	17,77,250	63,838	11,697	3,56,728
Total, previous year ..	1,27,48,304	2,02,58,124	84,02,381	12,06,830	1,00,515	7,000	5,01,519	1,23,28,619	1,98,16,097	80,95,685	9,89,363	1,58,741	6,000	3,85,730
Grand total ..	1,42,35,584	2,26,02,123	3,77,35,459	86,85,036	1,07,057	6,000	1,34,994	1,33,25,387	2,21,79,094	3,51,98,415	89,09,962	94,601	11,302	4,28,828
Grand total, previous year.	1,35,35,923	2,16,50,094	3,06,59,690	91,07,491	1,24,528	7,000	5,58,970	1,30,32,065	2,12,38,803	2,89,02,819	71,10,560	1,73,755	6,094	4,79,577

STATEMENT C.—*Operations of Non-Agricultural Societies*—1940-41—cont.

Types of societies.	Sale of goods to members.	Purchase of members' products.	Cost of management.	Share capital. Received during the year.	Share capital. Paid off during the year.	Share capital. Outstanding at the end of the year.	Loans and deposits held at the end of the year from Members.	Non-members.	Societies.	Provincial or Central Banks. SHORT TERM.	Provincial or Central Banks. LONG TERM.	Government.
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)		(31)
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS	RS.	RS.
Non-Agricultural Societies—cont.												
Class I (*a*)—Credit—Limited—												
(1) Urban Banks ..	6,340	..	3,91,838	3,74,690	4,78,374	36,36,626	55,42,013	85,33,630	15,757	5,66,112	4,85,027	30,000
(2) Employees Societies.	75,361	3,700	2,85,771	4,97,765	3,72,725	46,75,770	59,02,456	50,25,419	32,539	2,51,984	4,86,623	..
(3) Other Societies ..	3,701	893	61,905	1,04,479	90,082	8,93,366	4,41,885	3,45,954	212	4,33,766	3,99,654	428
Class I (*b*)—Credit—Unlimited.	18,104	17,350	11,595	21,009	13,248	1,59,033	60,616	70,351	..	46,069	1,60,180	..
Class II (*a*)—Purchase, Purchase and Sale Limited.	61,87,903	16,92,189	4,16,940	2,82.876	36,834	7,05,480	1,62,051	1,77,127	9,397	4,21,645	14,215	7,000
Class II (*b*)—Purchase, Purchase and Sale—Unlimited.	8,816	15,122	1,001	94	330	1,873	60	1,000	..	1,583	2,076	..
Class IV (*a*)—Production, Production and Sale—Limited.	9,44,692	6,77,993	27,370	9,771	1,671	99,828	8,608	8,087	638	84.478	1,76,618	108
Class V (*a*)—Insurance—Limited.	..	..	..	..	..	1,76,303	..	..	..	..	..	..
Class VI (*a*)—Others—Limited.	28,986	1,146	35,144	1,12,362	99,237	10,79,875	46,680	2,34,872	1,087	13,940	6.594	18,53,418
Class VI (*b*)—Others—Unlimited.	..	..	202	92	196	5.855	2,137	250	..	2,012	5,224	..
Total ..	72,73,903	24,08,393	12,31,766	14,03,138	10,92,697	1,14,34,009	1,21,66,506	1,43,96,690	59,630	18,21,589	17,36,211	18,90,954
Total, previous year ..	47,37,581	12,73,402	10,38,954	14,43,636	11,12,778	1,11,19,763	1,17,74,736	1,40,81,629	50,963	19,31,250	19,37,889	22,43,653
Grand total ..	94,03,716	42,52,08)	23,23,625	23,40,171	16,69,770	1,94,48,950	1,39,05,917	1,61,63,374	1,92,370	2,28,08,973	4,18,76,546	23,60,516
Grand total, previous year ..	58,41,514	20,68,364	19,69,954	24,82,516	16,55,274	1,89,15,521	1,36,12,172	1,61,53,078	65,848	1,96,39,231	4,24,81,287	27,54,095

STATEMENT C.—*Operations of Non-Agricultural Societies*—1940-41—cont.

Types of societies.	Reserve fund. (32)	Other funds. (33)	Working capital. (34)	Interest collected. (35)	Profit and loss for the year. (36) Book profit. (a)	Divisible profit. (b)	Loss (excluding over-due interest from profits—Profit and loss statement). (c)	Loss (including over-due interest in profits — Balance sheet). (d)	Usual rate of dividend paid on shares (37)	Most usual rate of interest. On borrowings. (38)	On lendings. (39)
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	PER CENT.	PER CENT.	PER CENT.
***Non-Agricultural Societies*—cont.**											
Class I (*a*)—Credit—Limited—											
(1) Urban Banks ..	21,87,648	9,28,004	2,19,24,817	11,52,887	8,79,680	3,15,980	57,072	26,453	6¼	4	6¼
(2) Employees Societies.	15,27,539	4,32,407	1,83,34,737	9,35,806	4,42,685	3,21,658	13,227	5,009	6¼	4	6¼
(3) Other Societies ..	3,97,323	1,44,244	30,56,832	1,61,813	2,71,859	43,901	43,897	8,957	6¼	6¼	7½
Class I (*b*)—Credit—Unlimited.	1,27,837	68,272	6,87,358	35,282	53,531	13,048	21,376	5,698	6¼	6¼	7½
Class II (*a*)—Purchase, Purchase and Sale—Limited.	3,19,516	1,19,445	19,35,876	4,090	1,88,536	1,87,952	88,046	87,052	6¼	..	..
Class II (*b*)—Purchase, Purchase and Sale—Unlimited.	1,599	396	8,587	355	414	51	1,507	1,338	6¼	..	..
Class IV (*a*)—Production, Production and Sale—Limited.	11,726	62,684	4,52,775	244	45,101	45,034	77,488	77,155	6	..	..
Class V (*a*)—Insurance—Limited.	20,000	14,70,948	16,67,251	..	..	..	..	..	..	..	..
Class VI (*a*)—Others—Limited.	2,79,043	1,40,125	36,55,634	1,82,571	1,17,283	80,015	20,081	18,623	6¼	4¼	5¾
Class VI (*b*)—Others—Unlimited.	813	259	16,550	598	303	5	2,785	2,485	6¼	7½	9
Total ..	48,73,044	33,61,784	5,17,40,417	24,73,646	19,99,392	10,07,644	3,25,479	2,32,770	6¼	4	6¼
Total, previous year ..	45,87,701	26,99,965	5,04,27,549	24,75,189	18,79,128	9,48,686	2,84,198	2,04,255	..	..	..
Grand total ..	1,34,59,019	59,77,034	13,61,92,699	64,25,421	55,98,855	18,91,806	24,48,869	7,45,260	..	..	..
Grand total, previous year.	1,29,77,124	51,84,482	13,17,82,828	63,13,044	54,28,997	15,93,677	25,53,629	7,59,236	..	..	..

STATEMENT D.—*Operations of Unions, District Federations, etc.*, 1940-41.

1	Number of unions	263
2	Number of societies affiliated to unions	9,177
3	Total number of individual members in societies affiliated to unions	560,162
4	Total working capital of affiliated societies ..	Rs. 4,71,11,759
5	Expenditure in the year .. .. ,,	4,84,024
6	Percentage of expenditure to working capital	1·03
7	Number of supervising staff maintained by unions ..	443

Statement E.—*Operations of Insurance Societies*—1940-41.

Name of the society.	Number of members.	Amount of risk insured.	Premia collected.	Supplementary contributions collected.	Number of lives: Insured.	Number of lives: Lost.	Claims paid.	Cost of management.	Funds in hand at the end of the year.	Amount of risk re-insured.	Amount of premia paid for re-insurance.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
		RS.	RS.	RS.			RS.	RS.	RS.	RS.	RS.
The South India Co-operative Insurance Society, Ltd.	12,362	1,17,85,375 covering 13,551 policies.	3,98,055	..	1,745	61	41,988	1,03,018	7,46,421	3,000	45
The Postal and R.M.S. Co-operative Benefit Fund, Ltd.	3,354	29,76,465 covering 3,057 policies	1,42,919	2,276	104	299	61,484	16,188	7,08,221	..	..
The Co-operative Fire and General Insurance Society, Ltd.	70	..	..	..	..	..	..	..	..	..	..
Total ..	15,786	1,47,61,840 covering 16,608 policies.	5,40,974	2,276	1,849	360	1,03,472	1,19,206	14,54,642	3,000	45
Previous year, total ..	13,651	1,32,09,855 covering 15,052 policies.	2,31,807	13,009	1,514	151	46,125	67,358	11,01,706	..	..

Statement F.—*Operations of Re-insurance Societies*—1940-41—Nil.

Government of Madras

DEVELOPMENT DEPARTMENT

G.O. No. 264, 7th February 1942

Administration report—Co-operative department—1940-41—Recorded with remarks.

READ—the following paper :—

From the Registrar of Co-operative Societies, dated 11th November 1941, R.C. No. 4394/41-A.

Order—No. 264, Development, dated 7th February 1942.

Recorded.

2. It is gratifying to note that despite the uncertain conditions created by the war, the level of deposits remained high and the general position of the financing institutions, from the Central and Urban banks down to the village societies, continued to be satisfactory.

3. There was a notable increase in the business transacted by the loan and sale societies, but the improvement related rather to the issue of loans than to the sale of the produce pledged with them. The Government trust that more attention will be paid by these societies to the building up of an efficient and adequate marketing organization.

4. The year was marked by a rapid increase in the number of consumers' stores but it is disquieting to note that many of them did little business. In places where they worked successfully they helped to steady prices.

5. The Government observe that the loans advanced by the Central Land Mortgage Bank have tended to be concentrated in two or three areas. The Government will consider after the Registrar and Central Land Mortgage Bank have again been consulted whether any special measures are necessary to ensure a more even distribution of loans.

6. Rectification work has not made much progress. The number of 'D' class societies (bad societies which may have to be liquidated) continues to be high. This is a branch of work to which the Registrar should devote his close attention.

7. The Government are glad to note that the system of territorial Inspectors which is in force in nine districts is working well.

8. The affairs of 439 liquidated societies were finally closed during the year as against an average of 209 in the three previous years. The Government hope that the progress will be maintained.

9. The working of the department during the year under review was on the whole satisfactory.

(By order of His Excellency the Governor)

T. SIVASANKAR,
Deputy Secretary to Government.

To the Registrar of Co-operative Societies.
,, Director of Agriculture.
,, Director of Industries and Commerce.
,, Board of Revenue.
,, Director of Veterinary Services.
,, Director of Town-Planning.
,, Accountant-General.
,, Revenue Department.
,, Finance Department.
,, Public Department.
,, Government of India (Department of Education, Health and Lands) (with C.L.).
,, Secretary, Madras Legislature.
,, Secretary, Madras Public Service Commission (with C.L.).
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